

**Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Textile Refinishers Association, Inc.; Morris Kupsenal, Isidore Feingold and Samuel Kupsenal, doing business as Atlas Cloth Sponging Co.; Morris Greenberg and Sadie Greenberg, doing business as Greenberg Textile Shrinkers; Morris Horowitz and Goldie Horowitz, doing business as Perfect Cloth Shrinking Works; Fanny Orlins and Martin G. Orlins, doing business as Phil-Or Textile Shrinking Co.; Abraham E. Hulnick and Marian Tannenbaum, doing business as Service Sponging Co.; Active Finishing Corp.; American-London Shrinkers Corporation; Artex Shrinkers, Inc.; The Chatham Cloth Sponging Works, Inc.; Eastern Textile Shrinkers, Inc.; Expert Cloth Sponging Co., Inc.; Imperial Textile Finishers Co., Inc.; Interstate Shrinking Corporation; The L. & L.-Rigby Shrinkers, Inc.; Lafayette Cloth Examiners and Shrinkers, Inc.; Lennon Shrinking Co., Inc.; Liberty Shrinkers Corp.; The Linen Shrinking Co.; Manhattan Cloth Finishing Co., Inc.; The Merit National Shrinking Works, Inc.; Midtown Textile Refinishers, Inc.; Model-Arrow Examining & Shrinking Corporation; Herman Moritz Shrinking Corp.; Napptex Finishing Corp.; Peerless Textile Finishing Corporation; Progress Cloth Sponging Works, Inc.; The Theodore Tiedemann Corporation; Uneeda Cloth Sponging Works, Inc.; Union Cloth Sponging Works, Inc.; United States Cloth Sponging Company, Inc.; World Examining Works; Textile Finishers Clearing House, Inc.; Textile Examiners and Finishers Union, Local 18205; The Cloth Sponging Drivers and Helpers' Union, Local 363., U.S. District Court, S.D. New York, 1955 Trade Cases ¶68,126, (Aug. 26, 1955)**

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United States v. Textile Refinishers Association, Inc.; Morris Kupsenal, Isidore Feingold and Samuel Kupsenal, doing business as Atlas Cloth Sponging Co.; Morris Greenberg and Sadie Greenberg, doing business as Greenberg Textile Shrinkers; Morris Horowitz and Goldie Horowitz, doing business as Perfect Cloth Shrinking Works; Fanny Orlins and Martin G. Orlins, doing business as Phil-Or Textile Shrinking Co.; Abraham E. Hulnick and Marian Tannenbaum, doing business as Service Sponging Co.; Active Finishing Corp.; American-London Shrinkers Corporation; Artex Shrinkers, Inc.; The Chatham Cloth Sponging Works, Inc.; Eastern Textile Shrinkers, Inc.; Expert Cloth Sponging Co., Inc.; Imperial Textile Finishers Co., Inc.; Interstate Shrinking Corporation; The L. & L.-Rigby Shrinkers, Inc.; Lafayette Cloth Examiners and Shrinkers, Inc.; Lennon Shrinking Co., Inc.; Liberty Shrinkers Corp.; The Linen Shrinking Co.; Manhattan Cloth Finishing Co., Inc.; The Merit National Shrinking Works, Inc.; Midtown Textile Refinishers, Inc.; Model-Arrow Examining & Shrinking Corporation; Herman Moritz Shrinking Corp.; Napptex Finishing Corp.; Peerless Textile Finishing Corporation; Progress Cloth Sponging Works, Inc.; The Theodore Tiedemann Corporation; Uneeda Cloth Sponging Works, Inc.; Union Cloth Sponging Works, Inc.; United States Cloth Sponging Company, Inc.; World Examining Works; Textile Finishers Clearing House, Inc.; Textile Examiners and Finishers Union, Local 18205; The Cloth Sponging Drivers and Helpers' Union, Local 363.

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1955 Trade Cases ¶68,126. U.S. District Court, S.D. New York. Civil Action No. 67-377. Filed August 26, 1955. Case No; 1106 in the Antitrust Division of the Department of Justice.

### **Sherman Antitrust Act**

**Combinations and Conspiracies—Consent Decree—Practices Enjoined—Allocation of Customers—Textile Refinishers, Associations, and Labor Unions.**—Examiners and spongers of woolen cloth, their trade association and clearing house, and two labor unions were enjoined by a consent decree from entering into any agreement (1) to allocate the account of any manufacturer or miller to any examiner or require any manufacturer or miller to furnish its cloth for examining or sponging to any particular examiner, (2) to prevent any manufacturer or miller from doing business, or from ceasing to trade, with any examiner without the consent of the association or any other defendant or central agency, (3) to refuse to examine and sponge cloth for any manufacturer or miller or prevent and restrain any examiner from doing business, or from ceasing to trade, with any manufacturer or miller, (4) to seek or obtain the approval of the clearing house or any other central agency before performing any service for a prospective new account or refuse the account if so advised by the clearing house, (5) to register the account of any customer of any examiner as belonging to any examiner, or (6) to assign any account for collection to the clearing house or any other central agency.

**Combinations and Conspiracies—Consent Decree—Practices Enjoined—Price Fixing.**—Examiners and spongers of woolen cloth, their trade association and clearing house, and two labor unions were enjoined by a consent decree from entering into any agreement to fix or maintain prices, discounts, or conditions of payment for examining and sponging.

**Department of Justice Enforcement and Procedure—Consent Decrees—Permissive Provisions—Union and Other Activities.**— A consent decree entered against examiners and spongers of woolen cloth, their trade association and clearing house, and two labor unions provided that nothing in the decree shall be construed as (1) precluding any examiner, acting individually, from voluntarily availing itself of the collection or credit facilities of the clearing house or any central agency other than the association, (2) preventing the clearing house or any central agency other than the association, upon inquiry by an examiner, from advising that examiner as to the credit rating of any particular manufacturer and whether his account is acceptable for assignment to the clearing house, or (3) preventing any examiner from entering into or carrying out a lawful contract with any miller or manufacturer to perform work on an exclusive basis. The decree further provided that nothing contained in certain prohibitory provisions of the decree shall be construed as preventing the unions from engaging in any lawful labor union activity sanctioned by state or federal labor law.

**Department of Justice Enforcement and Procedure—Consent Decrees—Specific Relief —Disposal of Records—Notice of Discontinuance of Allocation System.**—A consent decree entered against an association of examiners and spongers of woolen cloth ordered the association to destroy those portions of its files and records as constitute the registrations of the accounts of its members and to advertise in specified publications that the allocation system of the association has been discontinued.

**Combinations and Conspiracies—Consent Decree—Labor Unions—Trade Associations—Practices Enjoined—Identity of Customers—New Accounts.**—A consent decree prohibited an association of examiners and spongers of woolen cloth and two labor unions from reporting to any defendant or any examiner the identity of any customers or proposed customers of any examiner. The decree further prohibited the unions from receiving from any defendant or any examiner reports of the identity of any customers or proposed customers of any examiner, and prohibited the association and a clearing house from disclosing the identity of any customer of any examiner to any other examiner or advising any examiner to accept or refuse any account. The decree also prohibited the above defendants, members of the association, and a clearing house from renewing the provisions of the collective bargaining agreements between the unions and examiners prohibiting any member of the union from canvassing or seeking new accounts for his respective employer.

**Department of Justice Enforcement and Procedure—Consent Decrees—Modification-Prior Decree Superseded.**—A consent decree entered in 1955 against examiners and spongers of woolen cloth, their trade association and clearing house, and two labor unions provided that the provisions of a consent decree entered in 1936 against the defendants shall continue in effect until one year from the date of the filing of the 1955 decree,

at which time such provisions shall become inoperative and superseded by the provisions of the 1955 decree, which shall become effective at that time.

For the plaintiff: Stanley N. Barnes, Assistant Attorney General; William D. Kilgore, Jr., George L. Derr, Richard B. O'Donnell, and John D. Swartz, Special Assistants to the Attorney General; and Morris F. Klein, Lawrence Gochberg, and Moses M. Lewis, Trial Attorneys.

For the defendants: Frederick Katz and David Samuelsohn (Milton Handler, of counsel), New York, N. Y.

### Final Judgment

[ *Prior Decree*]

WILLIAM B. HERLANDS, District Judge [ *In full text* ] : The United States of America, having filed a petition in equity, No. 83-26, in this Court, on May 1, 1936; the defendants in that proceeding having appeared and filed their answers to such petition denying the substantive allegations thereof; the petitioner and the defendants, by their attorneys therein, having consented to the entry of a decree without trial or adjudication of any issue of fact or law therein, and without admission by any party in respect of any such issue; a decree having been entered and filed in this Court on May 1, 1936, pursuant to said consent; plaintiff, United States of America, thereafter having filed its complaint herein on June 29, 1951, challenging practices alleged to have been committed by the defendants of a character akin to those covered by the aforesaid decree but which were not covered by said decree; defendants herein having appeared and filed their answers to such complaint, denying the substantive allegations thereof, and plaintiff and defendants, by their attorneys herein, having severally consented to the entry of this Final Judgment, to cover the subject matter of said complaint herein as well as to cover and supersede the provisions of the consent decree of May 1, 1936, without trial or adjudication of any issue of fact or law in either proceeding, and without admission by any party 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 the consent of the parties hereto, it is hereby

Ordered, adjudged and decreed as follows:

I

[ *Sherman Act*]

This Court has jurisdiction of the subject matter hereof and of the parties hereto. The complaint states a claim against the defendants 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

[ *Definitions*]

As used in this Final Judgment:

- (A) "Examine and sponge" means the inspection of woolen cloth for defects, the measurement thereof and the application thereto of one or more of the processes of sponging or shrinking, double sponging or shrinking, decatizing, london or water shrinking, and refinishing, designed to prevent subsequent shrinkage of such cloth;
- (B) "Person" means any individual, corporation, partnership, association or any other business or legal entity;
- (C) "Manufacturer" means any person engaged in the business of designing and producing, wearing apparel;
- (D) "Miller" means any person engaged in the business of manufacturing cloth;
- (E) "Examiner" means any person engaged in the business of examining and sponging;
- (F) "The Association" means the defendant Textile Refinishers Association, Inc.;

(G) "The Clearing House" means the defendant Textile Finishers Clearing House, Inc.;

(H) "The Unions" means the defendants Textile Examiners and Finishers Union, Local 1820S, and The Cloth Spinging, Drivers and Helpers' Union, International Brotherhood of Teamsters, Chauffeurs, and Helpers, Local 363, and each of them;

(I) "The 1936 Case" means the case entitled "*United States v. Textile Refinishers Association, Inc., et al.* (S. D. N. Y., Equity 83-26)," and "The 1936 Decree" means the consent decree filed therein.

### III

#### [ *Applicability of Judgment* ]

The provisions of this Final Judgment applicable to any defendant shall apply to such defendant, its members, directors, agents, employees, subsidiaries, successors and assigns, and to all other 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,

#### [ *Allocation of Accounts— Price Fixing* ]

Defendants are jointly and severally enjoined and restrained from entering into, adhering to, renewing, maintaining or furthering, directly or indirectly, or claiming any rights under any contract, combination, agreement!, understanding, plan, program or course of action with each other or any other person to:

(A) Allocate the account or part of the account of any manufacturer or miller to any examiner or require any manufacturer or miller to furnish its cloth for examining or sponging to any particular examiner;

(B) register the account of any customer of any examiner as belonging in whole, or in part, to any examiner;

(C) prevent or restrain any manufacturer or miller from doing business (including transporting and delivering of cloth), or from ceasing to trade, with any examiner without the consent of the Association or any other defendant or central agency;

(D) refuse to examine and sponge cloth for any manufacturer or miller, or prevent and restrain any examiner from doing business (including transporting and delivering of cloth), or from ceasing to trade, with any manufacturer or miller;

(E) assign, or require the assignment of, any account for collection to The Clearing House or any other central agency;

(F) seek or obtain the approval of The Clearing House, or any other central agency, before performing any service for a prospective new account or refuse the account if so advised by The Clearing House;

(G) fix, determine, establish or maintain prices, discounts or terms or conditions of payment for examining and sponging for any third person.

### V

#### [ *Identity of Customers* ]

The Clearing House and the Association are jointly and severally enjoined and restrained from:

(A) Disclosing the identity of any customer of any examiner to any other examiner or the agents or employees thereof, except as such disclosure may be incidental to the normal pursuit of the activities permitted of subsections (A)(1) and (2), of Section VIII of this Final judgment;

(B) advising any examiner to accept or refuse any account,

### VI

The Unions and the Association are jointly and severally enjoined and restrained from, through their respective representatives acting on their behalf, directly or indirectly, reporting to any defendant or any examiner the

identity of any customers or proposed customers of any examiner; and the Unions are jointly and severally enjoined and restrained from, through their respective representatives acting on their behalf, directly or indirectly, receiving from any defendant or any examiner reports of the identity of any customers or proposed customers of any examiner.

## VII

### [ *Rights Under Rules and Agreements* ]

Each defendant is jointly and severally enjoined and restrained from entering into, continuing or claiming any rights under, or renewing:

- (A) Any provision of the "Rules on Accounts," annexed as Exhibit C-2 to defendants' Answer herein;
- (B) The provisions of the collective bargaining agreements between the Unions and examiners prohibiting any member of the Union from at any time canvassing or seeking new accounts for his respective employer;
- (C) any provision of any agreement or understanding between defendants inconsistent with any of the provisions of this Final Judgment, including, but not limited to, (1) the "Operating Agreement," annexed as Exhibit A to the Answer of defendants in the 1936 case, or (2) any rule or regulation of the Association.

## VIII

### [ *Permissive Provision* ]

(A) Nothing in this Final Judgment shall be construed as:

- (1) precluding any examiner, acting individually, from voluntarily availing itself of the collection or credit facilities of The Clearing House or any central agency other than the Association, including the factoring of accounts;
  - (2) preventing The Clearing House or any central agency other than the Association, upon inquiry by an examiner, from advising that examiner as to the credit rating of any particular manufacturer and whether his account is acceptable for assignment to The Clearing House; or
  - (3) preventing any examiner from entering into or carrying out a lawful contract with any miller or manufacturer to perform work on an exclusive basis.
- (B) Nothing contained in subsections (C) or (D) of Section IV of this Final Judgment shall be construed as preventing the Unions from engaging in any lawful labor union activity sanctioned by state or federal labor law.

## IX

### [ *Effective Date, Prior Decree, Destruction of Files* ]

- (A) The provisions of the 1936 Decree shall continue in effect until one (1) year from the date of the filing of this Final Judgment, at which time such provisions shall become inoperative and superseded by the provisions of this Final Judgment, which shall become effective at that time;
- (B) Within thirty (30) days after the expiration of said year, defendant Association shall destroy those portions of its files and records as constitute the registrations of the accounts of its members;
- (C) Within sixty (60) days after the expiration of said year, the Association shall advertise in the Daily News Record and Women's Wear Daily in a form satisfactory to the plaintiff that the allocation system of the Association has been discontinued;
- (D) Within thirty (30) days thereafter, defendants shall report to the plaintiff herein with respect to the affirmative action taken to comply with the terms of this Final Judgment.

## X

### [ *Inspection and Compliance* ]

For the purpose of securing compliance with this Judgment, duly authorized representatives of the Department of Justice shall, on written request of the Attorney General, or the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to any defendant, be permitted (1) 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 Judgment, and (2) 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; and upon such request such defendant shall submit such reports in writing with respect to the matters contained in this Judgment as may from time to time be necessary to the enforcement of this Judgment. No information obtained by the means provided in this Section 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 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 this 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 for the punishment of violations thereof.