

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,
Plaintiff,

v.

GENERAL ADJUSTMENT BUREAU, INC.,
Defendant.

Civil No. 71-Civil 1109

Filed: March 11, 1971

Entered: April 15, 1971

FINAL JUDGMENT

The complaint having been filed hereon on 1971, and plaintiff and defendant, by their respective attorneys, having 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 admission by any party with respect to any issue of fact or law herein:

NOW, THEREFORE, before the taking of any testimony 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

This Court has jurisdiction of the subject matter herein and of the parties consenting hereto. The complaint states

claims upon which relief may be granted against the defendant, General Adjustment Bureau, Inc., (hereinafter referred to as "defendant"), under Sections 1 and 3 of the Act of Congress of July 2, 1890, entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," as amended, commonly known as the Sherman Act.

II

For purposes of this Final Judgment the term "shareholders" shall include all insurance companies which at the time of the entry of this Final Judgment own or hold stock issued by defendant and all insurance companies and underwriting associations or organizations which are owned or controlled by said insurance companies. The term "shareholders" shall not include insurance agents.

III

The provisions of this Final Judgment shall apply to defendant, its 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. The provisions of Sections V and XV of this Final Judgment shall further apply to the shareholders listed in Exhibit 1 which is annexed hereto and made a part hereof.

IV

Defendant is ordered and directed within 90 days from the entry of this Final Judgment to mail to each of its shareholders a copy of this Final Judgment with Exhibit 1.

V

The shareholders listed in Exhibit 1 annexed hereto shall divest themselves of the stock of defendant. For the purpose of carrying out such divestiture, the shareholders listed in Exhibit 1 shall, within 90 days from the date of entry of this Final Judgment, transfer to a trust all shares of defendant's stock owned or controlled directly or indirectly by such shareholders. The trustee and the terms of such trust shall be first approved by the Court. The terms of such trust may, after 30 days prior notice to the plaintiff, be amended or modified at any time in a manner not inconsistent with the provisions of this Final Judgment. Any other shareholder of the defendant may for purposes of divestiture, place all its shares of defendant's stock in said trust.

VI

The trustee shall vote the stock of defendant held by the Trust during the life of the trust according to his best judgment to further the purposes of the trust; provided, however, that the trustee will vote such stock to elect to the Board of Directors only "unaffiliated persons" as directors of defendant. "Unaffiliated persons" are persons who are not officers, directors, employees, or agents of any insurance company or a stockholder owning more than one percent of the stock of any insurance company.

VII

All shares placed in the trust at any time will be divested as soon as practicable, but in no event later than

four years from the date of the establishment of the trust in one or more of the following ways: (1) to the employees of defendant pursuant to a plan submitted to the plaintiff 30 days in advance of any such divestiture; or (2) to the public; or (3) the trustee may after 30 days prior notice to the plaintiff sell all the stock held in the trust to one purchaser, provided that such purchaser is not an insurance company or a person owned or controlled directly or indirectly by an insurance company. Any shareholder who has placed his stock in the trust may individually negotiate for the sale or transfer of said stock to a person or persons not affiliated with or employed by such shareholder and thereafter may direct the Trustee to sell or transfer said stock, provided that such sale or transfer is in no way inconsistent with the terms of this Final Judgment.

VIII

The Trustee shall report semi-annually to the plaintiff all transactions of the trust with respect to the sale of shares of defendant and the votes cast by the Trustee.

IX

After four years from the date of the establishment of the trust provided for in Section V of this Final Judgment, defendant is enjoined and restrained from doing business with any of its shareholders who to the knowledge of defendant own or control, beneficially or otherwise, directly or indirectly, any shares of the stock of defendant or have any other financial interest in defendant, other than debts or

claims arising in the ordinary course of business or as a result of debts to the trustee aggregating not more than \$2,000,000 and incurred in the course of sales of stock to defendant's employees pursuant to a plan submitted to the plaintiff pursuant to Section VII hereof.

X

For a period of 15 years from the date of the entry of this Final Judgment defendant is enjoined and restrained from making any of its services or facilities available to any of its shareholders at rates lower than those offered to any other person, firm, or organization for the same service or facility.

XI

Defendant is enjoined and restrained from:

(A) Refusing to accept claim assignments from or make its services available to any person, firm, or organization for the purpose of destroying competition or eliminating a competitor; and

(B) Offering to adjust or adjusting any claim at unreasonably low rates for the purpose of destroying competition or eliminating a competitor.

XII

Defendant is enjoined and restrained from acting in concert with any insurance company or with any organization or association of insurance companies, to:

(A) Coerce, direct or otherwise cause any person, firm, or organization to do business with the defendant;

(B) Coerce, direct or otherwise cause any person, firm, or organization to refuse to do business with any person, firm, or organization other than the defendant;

(C) Coerce, direct or otherwise cause that fees paid to any other person, firm, or organization engaged in rendering services similar to defendant be based on defendant's charges for such services;

(D) Establish uniform practices and procedures to be used in the adjustment and settlement of claims.

Provided that nothing contained in subsections (A) and (B) above shall be deemed to prohibit defendant from soliciting on its own behalf or accepting the business of any insurance company and/or one or more of its agents and provided further that nothing contained in subsection (D) above shall preclude defendant from submitting recommendations as to practices and procedures at the request of any federal, state, or local governmental agency and that nothing contained in subsection (D) shall preclude defendant from agreeing with any insurance company on practices and procedures to be used by defendant in adjusting claims against such insurance company.

XIII

Defendant is enjoined and restrained from acting in concert with any supplier of labor or materials to fix, establish, or maintain the price paid for such materials and labor used in the repair and replacement of damaged property.

Provided that nothing in this Section XIII shall preclude defendant from (a) agreeing with any such supplier on behalf of itself or one or more insurance companies or insureds as to the price to be paid for such material and labor in the repair or replacement of a particular loss or (b) ascertaining the prevailing rate for materials and labor in any one or more locations in the country, and from advising its agents and employees of such rates for the purpose of adjusting claims against insurance companies.

XIV

For the purpose of determining or securing compliance with this Final Judgment, and for no other purpose:

(A) Any duly authorized representatives of the Department of Justice shall, upon written request by the Attorney General or the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to defendant, made to its principal office, in New York, New York, be permitted subject to any legally recognized privilege:

(1) Access during the office hours of defendant to all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession, custody or under the control of defendant relating to any matters contained in this Final Judgment; and

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

(B) Upon such written request of the Attorney General or the Assistant Attorney General in charge of the Antitrust Division, defendant shall submit such reports in writing with respect to the matters contained in this Final Judgment as from time to time may be reasonably requested.

No information obtained by the means provided for in this Section XIV 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 plaintiff is a party for the purpose of determining or securing compliance with this Final Judgment or as otherwise required by law.

XV

Jurisdiction is retained for the purpose of enabling either 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 modification or termination of any of the provisions contained herein, for the enforcement of compliance therewith, and the punishment of the violation of any of the provisions contained herein.

Dated: April 15, 1971

/s/ MILTON POLLACK
Judge, U. S. District Court.

EXHIBIT I

<u>Name of Company</u>	<u>No. of Shares</u>
Aetna Casualty and Surety Company	1,804
Aetna Insurance Company	9,069
Alliance Assurance Company, Ltd.	15
American Automobile Insurance Co.	25
American Casualty Company	25
American and Foreign Insurance Company	129
American Home Assurance Company	2,452
American Insurance Company	6,334
Birmingham Fire Insurance Company	76
Camden Fire Insurance Association	2,162
Charter Oak Fire Insurance Company	28
Citizens Insurance Company of New Jersey	472
Continental Casualty Company	25
Continental Corporation Foundation	25,389
Continental Insurance Company	2,771
Employers' Commercial Union Insurance Co. of America	12,793
Employers Fire Insurance Company	723
Equitable Fire & Marine Insurance Co.	1,473
Federal Insurance Company	425
Fireman's Fund Insurance Company	4,603
Globe Indemnity Company	1,013

Exhibit I - (cont'd)

<u>Name of Company</u>	<u>No. of Shares</u>
Granite State Insurance Company	1,429
Great American Insurance Company	9,829
Hartford Fire Insurance Company	10,772
Home Indemnity Company	106
Home Insurance Company	22,443
Industrial Indemnity Co.	250
Insurance Company of North America	8,626
International Insurance Company	217
Kansas City Fire and Marine Insurance Company	708
Liverpool & London & Globe Ins. Co., Ltd.	2,731
London Guarantee and Accident Company, Ltd.	18
London & Lancashire Insurance Co., Ltd.	2,324
Marine Insurance Company, Ltd.	16
National Fire Insurance Company	7,001
National Union Fire Insurance Co.	2,490
Newark Insurance Company	1,072
New Hampshire Insurance Company	2,139
New York Underwriters Insurance Company	2,161
Northern Assurance Co. of America	1,538
The North River Insurance Company	723
Pacific Indemnity Company	500
Phoenix Assurance Company of New York	3,074

<u>Name of Company</u>	<u>No. of Shares</u>
Phoenix Insurance Company	6,560
Potomac Insurance Company	571
Queen Insurance Company of America	4,677
Reliance Insurance Company	5,008
Royal Insurance Company, Ltd.	3,232
Safeguard Insurance Company	1,521
St. Paul Fire and Marine Insurance Company	3,398
Sea Insurance Company, Ltd.	46
Standard Fire Insurance Company	763
Sun Insurance Office, Ltd.	1,922
The London Assurance	1,050
Travelers Indemnity Company	1,807
Transcontinental Insurance Company	942
Transportation Insurance Company	25
Valley Forge Insurance Company	25
Vigilant Insurance Company	27
United Pacific Insurance Company	200
United States Fire Insurance Company	2,167
Westchester Fire Insurance Company	1,437
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	187,351