

Syllabus

IN THE MATTER OF

GRATER-BODEY COMPANY, ET AL.¹

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 4799. Complaint, Aug. 6, 1942—Decision, Sept. 6, 1944

Where a corporation engaged in the interstate purchase, milling and sale of "mill-work and lumber," including, among other products, panelling, panels, trim, doors, sash, screens, cabinets, steps and stairs and parts thereof, and unmilled lumber, in competition with others except insofar as such competition had been lessened or forestalled as below set forth; and an individual, its president, who was instrumental in effecting such purchase and sale;

Following arrangements by the Navy with a shipbuilding company under which the company was to undertake construction of naval vessels, and pursuant to which (1) the Navy agreed to arrange for the advancing of the necessary funds to rehabilitate its shipyards, to be expanded under the general supervision of the Navy and subject to its approval, and (2) the company contracted for the reconstruction by a general contractor of certain office buildings on a cost-plus-a-fixed-fee basis, with the understanding that in securing materials or services, said contractor would obtain competitive offers from as many as practicable, but not less than two—or three where specified—reputable firms and would award a contract to the firm quoting the minimum price; the bids to be opened by or in the presence of the Supervisor of the Shipbuilding of the Navy, or his representative, and to be subject to his approval before award of the sub-contract;

With intent and effect of deceiving and misleading buyers and prospective buyers into believing, considering and approving bids submitted as genuine bids of three competitive sellers of millwork and lumber—

Prepared and submitted to such buyers over a period of some fifteen months, fictitious and noncompetitive bids, which said individual prepared on stationery procured by him, bearing the letterheads of two firms considered to be in competition with aforesaid corporation, and which, over the false, but purported signatures of officials of said firms written by said individual or at his direction, tendered higher and noncompetitive bids than those he prepared in each comparable instance in the name and on the stationery of his aforesaid corporation;

With the result that said corporation enjoyed awards of numerous contracts to it by said contractor, his employees and agents, with the approval of officials of said shipbuilding company and representatives of the aforesaid Supervisor of Ship-

¹ This case is one of a group of eight complaints, findings and cease and desist orders in regard to the use of unfair and deceptive acts, practices and methods in violation of Section 5 of the Federal Trade Commission Act in connection with the preparation and submission of sham, false, fictitious, fraudulent and non-competitive bids to the Cramp Shipbuilding Co. at Philadelphia, following arrangements and contracts made by the Navy with it looking to the construction by said company of naval vessels at its shipyards and the expenditure of funds in said connection for the rehabilitation of its facilities at said shipyards.

Said cases, in addition to the instant one, are reported in this volume as follows, namely: Grater-Bodey Co., et al., Docket 4804, September 6, 1944, p. 122; Delta Equipment Co., Docket 4803, September 25, 1944, p. 202; The O'Brien Machinery Co., Docket 4805, September 25, 1944, p. 211; Westinghouse Electric Supply Co., et al., Docket 4798, September 29, 1944, p. 258; J. P. Rainey & Co., Docket 4800, October 9, 1944, p. 309; Charles F. Rohleder, et al., Docket 4806, October 10, 1944, p. 332; and James A. Clancy, et al., Docket 4801, October 21, 1944, p. 374.

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building of the Navy, secured through deception as aforesaid; and with the effect of depriving buyers and prospective buyers of "millwork and lumber," including contractors and subcontractors with the United States Government, of the benefit of competition in commerce:

Held, That said acts, practices and methods, under the circumstances set forth, were all to the prejudice of the public; had a dangerous tendency to and did actually restrain and eliminate competition in the sale of said products in commerce, and restrained unreasonably commerce in said products; had a dangerous tendency to create in said corporation a monopoly in the sale and distribution of said products; and constituted unfair methods of competition and unfair and deceptive acts and practices in commerce within the intent and meaning of Section 5 of the Federal Trade Commission Act.

Mr. Everett MacIntyre and Mr. V. W. Summers for the Commission.
Mr. Russell J. Brownback, of Norristown, Pa., and *Mr. Myron Jacoby*, of Philadelphia, Pa., for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said act, the Federal Trade Commission having reason to believe that Grater-Bodey Company and S. W. Roberts named in the caption hereof and more particularly hereinafter described and referred to as respondents, have violated the provisions of Section 5 of the said act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint against each of the said parties, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Grater-Bodey Co., is a Pennsylvania corporation, with its office and principal place of business located at Main and Astor Streets, Norristown, Pa.

Respondent, S. W. Roberts is an individual, who during the period covered by the activities involved in the charges in this complaint, served as president of respondent, Grater-Bodey Co., Main and Astor Streets, Norristown, Pa.

PAR. 2. Charles F. Rohleder, is an individual, engaged in general contracting and construction work, in Philadelphia, Pa. Allen McLaine Ward and J. R. Baldrige, Jr., during the period covered by the activities involved in the charges of this complaint, served as employees and agents of said Charles F. Rohleder.

PAR. 3. At all times herein mentioned, said Charles F. Rohleder, directly and through his said agents, Allen McLaine Ward and J. R. Baldrige, Jr., has been engaged in negotiating with and buying from respondent, Grater-Bodey Co., Main and Astor Streets, Norristown, Pa., directly and through its president and agent, respondent, S. W. Roberts, "millwork and lumber" which was shipped or caused to be shipped by said respondent, Grater-Bodey Co., from many points located in States other than the State of Pennsylvania to Norristown, Pa., and subsequently re-shipped to said Charles F. Rohleder or his agents at Cramp Shipbuilding Co.'s shipyards, Richmond and Norris Streets, Philadelphia, Pa.

At all times hereinafter mentioned, respondent, Grater-Bodey Co., has been engaged in Norristown, Pa., in the business of purchasing, milling, and selling "millwork and lumber" and in doing so caused such "millwork and lumber" to be shipped from locations in Florida, Ohio, New York, and various other States to Norristown, Pa., from which it subsequently was shipped to Philadelphia, Pa., Wilmington, Del., Bridgeport, Conn., Front Royal, Va., and numerous other points, in some instances without further milling, and in other instances after milling to varying extents.

At all times hereinafter mentioned, respondent, S. W. Roberts, as president and agent of respondent, Grater-Bodey Co., has been instrumental in effecting purchase and sale of "millwork and lumber" by respondent, Grater-Bodey Co., and in doing so caused the same to be shipped from points located in various States other than the State of Pennsylvania, to Norristown, Pa., and subsequently from there to Philadelphia, Pa., other locations in Pennsylvania, and to points in other States.

At all times herein mentioned, Russell Keely and F. Oliver Keely, co-partners, trading as S. S. Keely & Sons (sometimes hereinafter referred to as S. S. Keely & Sons) have been engaged at Main Street and Leverington Avenue, Manayunk, Philadelphia, Pa., in the purchasing, milling, and sale of "millwork and lumber" and in doing so cause such "millwork and lumber" to be shipped from locations in States other than the State of Pennsylvania to them in Manayunk, Philadelphia, Pa., and in turn subsequently shipped from that point to Philadelphia, Pa., and to other locations in Pennsylvania and other States.

At all times hereinafter mentioned, A. Wilt & Sons Co., has been engaged in Philadelphia, Pa., in purchasing, milling, and selling "millwork and lumber" and in doing so caused such "millwork and lumber" to be shipped from locations in States other than the State of Pennsylvania to Philadelphia, Pa., and subsequently shipped to its customers located in Philadelphia, Pa., and at other locations in Pennsylvania and other States.

PAR. 4. Respondent, Grater-Bodey Co., S. S. Keely & Sons, A. Wilt & Sons Co., and others not named herein are engaged in the purchase and sale of "millwork and lumber" in States of Pennsylvania, Delaware, and New Jersey, and in doing so have been and are in competition between and among themselves and with one or more other purchasers and sellers of "millwork and lumber" in making or seeking to make sales in "commerce" (as "commerce" is defined in the Federal Trade Commission Act), between and among the various States of the United States of "millwork and lumber" except insofar as said competition has been hindered, lessened, restricted, or forestalled by the acts, things, practices, policies, and methods done and carried on as hereinafter set forth.

PAR. 5. The term "millwork and lumber" as used herein includes lumber in the unmilled state, as well as milled into various products, including, but not limited to, paneling, panels, trim, doors, sash, screens (doors and windows), cabinets, steps, and stairs, including treads, risers, balusters, rails and balustrades.

PAR. 6. During 1940, as a part of its work in the Defense Program of the United States of America, the Navy Department arranged with Cramp Shipbuilding Co., whose shipyards are located at Richmond and Norris Streets, Philadelphia, Pa., for the latter to undertake the construction of

naval vessels, and in that connection agreed to arrange for the advancement of the necessary funds to rehabilitate the facilities at the said shipyard, including office buildings and shipways, with the understanding that the expenditure of the said funds for such work would be under the general supervision and subject to the approval of officials of the United States Navy Department. Thereupon the said Cramp Shipbuilding Co. contracted with Charles F. Rohleder for the latter to reconstruct certain office buildings and shipways on a cost plus a fixed fee basis with the understanding that the said Rohleder in securing materials or services would obtain competitive offers from as many as practicable but not less than two (not less than three where specified) reputable firms in a position to provide the material, equipment, or services as required at a reasonable cost, and to award a contract to that firm quoting the minimum price, and with the further understanding that the said offers, proposals, or bids were to be opened by, or in the presence of, the Supervisor of Shipbuilding, U. S. Navy, or his representative, and subject to his approval before award of the subcontract for materials or services.

In connection with his aforesaid contract with the Cramp Shipbuilding Co., Charles F. Rohleder negotiated with and made awards of contracts directly and through agents to respondent, Grater-Bodey Co., for the purchase of "millwork and lumber."

PAR. 7. Throughout a period of time beginning on or about the first day of October, 1940, and continuing thereafter until subsequent to January 1, 1942, respondent, S. W. Roberts, in his capacity as an individual and in his capacity as president and agent of respondent, Grater-Bodey Co., indulged in a practice of preparing and submitting sham, false, fictitious, fraudulent, and non-competitive bids to buyers and prospective buyers of "millwork and lumber." As a part of the aforesaid practice on each of a number of occasions in response to invitations which he received as president and agent of respondent, Grater-Bodey Co., from buyers and prospective buyers of "millwork and lumber" for bids and quotations, he procured stationery bearing the letterheads of firms other than Grater-Bodey Co. when said firms were considered to be in competition with Grater-Bodey Co., and used such stationery in preparing bids and price quotations at different, higher and non-competitive levels compared with the bids and price quotations he prepared in each comparable instance in the name and on the stationery of the respondent, Grater-Bodey Co. When respondent, S. W. Roberts, thus prepared bids on the letterheads of other firms, including said S. S. Keely & Sons and said A. Wilt & Sons Co., he did so over the false but purported signatures of officials of those respective firms as written by respondent, S. W. Roberts, or at his direction. In each instance when three bids, one purporting to be the bid of respondent, Grater-Bodey Co., one the bid of S. S. Keeley & Sons, and one the bid of A. Wilt & Sons Co., were thus prepared or caused to be prepared by respondent, S. W. Roberts, he submitted or caused the same to be submitted to buyers and prospective buyers of "millwork and lumber" for the purpose and with the result of deceiving and misleading such buyers and prospective buyers into believing, considering, and approving such bids as genuine and competitive bids of three competing sellers of "millwork and lumber."

Respondent, Grater-Bodey Co., as a result of the submission of aforesaid sham, false, fictitious, fraudulent, and non-competitive bids by its president and agent, respondent, S. W. Roberts, as aforesaid, enjoyed awards of numerous contracts to it by said Charles F. Rohleder, his employees and agents, with the approval of officials of Cramp Shipbuilding Co. and representatives of the Supervisor of Ships, United States Navy, secured through deception as aforesaid.

PAR. 8. The doing and performing of the acts and things and the use of the method set forth in the immediately preceding paragraph hereof tend to have and have had the effect of depriving buyers and prospective buyers, including contractors and subcontractors with the United States Government of "millwork and lumber" of the benefit of competition in commerce between and among sellers of electrical supplies and equipment and between them and their competitors.

PAR. 9. The acts, practices and methods, as hereinbefore alleged, are all to the prejudice of the public; have a dangerous tendency and have actually frustrated, hindered, suppressed, lessened, restrained, and eliminated competition in the sale of "millwork and lumber" in commerce within the intent and meaning of the Federal Trade Commission Act; have the tendency and capacity to restrain unreasonably and have restrained unreasonably such commerce in such products; have a dangerous tendency to create in respondent, Grater-Bodey Co., a monopoly in the sale and distribution of such products and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce within the intent and meaning of Section 5 of the Federal Trade Commission Act.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on August 6, 1942, issued and subsequently served its complaint in this proceeding upon the respondents named in the caption hereof, charging them with the use of unfair methods of competition and unfair and deceptive acts and practices in commerce in violation of the provisions of the Federal Trade Commission Act. After the issuance of the said complaint and the filing of respondents' answer, the Commission, by order entered herein, granted respondents' motion for permission to withdraw said answer and substitute therefor an answer admitting all of the material allegations of fact set forth in the said complaint and waiving all intervening procedure and further hearing as to the facts, which substitute answer was duly filed in the office of the Commission. Thereafter, this proceeding regularly came on for final hearing before the Commission on the said complaint and substitute answer; and the Commission, having duly considered the matter and being now fully advised in the premises, finds that this proceeding is in the interest of the public and makes this its findings as to the facts and its conclusion drawn therefrom.

FINDINGS AS TO THE FACTS

PARAGRAPH 1. (a) Respondent, Grater-Bodey Co., is a corporation, organized and existing under the laws of the State of Pennsylvania, with its office and principal place of business located at Main and Astor Streets, Norristown, Pa.

(b) Respondent, S. W. Roberts, is an individual, who during the period covered by the activities hereinafter specified, served as president of respondent, Grater-Bodey Co.

PAR. 2. Charles F. Rohleder, is an individual, engaged in general contracting and construction work in Philadelphia, Pa. Allen McLaine Ward and J. R. Baldridge, Jr., during the period covered by the activities hereinafter specified, served as employees and agents of said Charles F. Rohleder.

PAR. 3. (a) At all times hereinafter mentioned said Charles F. Rohleder, directly and through his said agents, Allen McLaine Ward and J. R. Baldridge, Jr., has been engaged in negotiating with and buying from respondent, Grater-Bodey Co., directly and through its president and agent, respondent, S. W. Roberts, "millwork and lumber" which was shipped or caused to be shipped by said respondent, Grater-Bodey Co., from many points located in States other than the State of Pennsylvania to Norristown, Pa., and subsequently reshipped to said Charles F. Rohleder or his agents at Cramp Shipbuilding Co.'s shipyards, Richmond and Norris Streets, Philadelphia, Pa.

(b) At all times hereinafter mentioned respondent, Grater-Bodey Company, has been engaged in Norristown, Pennsylvania, in the purchase, milling, and sale of "millwork and lumber" and has caused such "millwork and lumber" to be shipped from locations in Florida, Ohio, New York, and various other States to Norristown, Pa., from which it subsequently was shipped to Philadelphia, Pa.; Wilmington, Del.; Bridgeport, Conn.; Front Royal, Va.; and numerous other points, in some instances without further milling, and in other instances after milling.

(c) At all times hereinafter mentioned respondent, S. W. Roberts, as president and agent of respondent, Grater-Bodey Co., has been instrumental in effecting purchase and sale of "millwork and lumber" by the Grater-Bodey Co., and in so doing caused the same to be shipped from points located in various States other than the State of Pennsylvania to Norristown, Pa., and subsequently from there to Philadelphia and other locations in Pennsylvania, and to points in other States.

(d) At all times hereinafter mentioned Russell Keely and F. Oliver Keely, copartners, trading as S. S. Keely & Sons (sometimes hereinafter referred to as S. S. Keely & Sons) have been engaged at Main Street and Leverington Avenue, Manayunk, Philadelphia, Pa., in the purchase, milling, and sale of "millwork and lumber" and in so doing caused such "millwork and lumber" to be shipped from locations in States other than the State of Pennsylvania to them in Manayunk, Philadelphia, Pa., and, in turn, subsequently shipped from that point to Philadelphia and other locations in Pennsylvania and other States.

(e) At all times hereinafter mentioned, A. Wilt & Sons Company, has been engaged in Philadelphia, Pa., in the purchase, milling, and sale of "millwork and lumber" and in so doing caused such "millwork and lum-

ber" to be shipped from locations in States other than the State of Pennsylvania to Philadelphia, Pa., and subsequently shipped to its customers located in Philadelphia and other locations in Pennsylvania and other States.

PAR. 4. Respondent, Grater-Bodey Co., S. S. Keely & Sons, A. Wilt & Sons Co., and others not named herein are engaged in the purchase and sale of "millwork and lumber" in the States of Pennsylvania, Delaware, and New Jersey, and in so doing have been, and are, in competition between and among themselves and with one or more other purchasers and sellers of "millwork and lumber" in making or seeking to make sales of "millwork and lumber" in commerce, as "commerce" is defined in the Federal Trade Commission Act, between and among the various States of the United States, except insofar as said competition has been hindered, lessened, restricted, or forestalled by the acts, things, practices, policies, and methods done and carried on as hereinafter set forth.

PAR. 5. The term "millwork and lumber" as used herein includes lumber in the unmilled state as well as lumber milled into various products, including but not limited to paneling, panels, trim, doors, sash, screens (door and window), cabinets, steps and stairs, including treads, risers, balusters, rails, and balustrades.

PAR. 6. During 1940, as a part of its work in the defense program of the United States of America, the Navy Department arranged with Cramp Shipbuilding Company, whose shipyards are located at Richmond and Norris Streets, Philadelphia, Pa., for the latter to undertake the construction of naval vessels, and in that connection agreed to arrange for the advancement of the necessary funds to rehabilitate the facilities at the said shipyards, including office buildings and shipways, with the understanding that the expenditure of the said funds for such work would be under the general supervision and subject to the approval of officials of the United States Navy Department. Thereupon, the said Cramp Shipbuilding Co. contracted with Charles F. Rohleder for the latter to reconstruct certain office buildings and shipways on a cost-plus-a-fixed-fee basis, with the understanding that the said Rohleder, in securing materials or services, would obtain competitive offers from as many as practicable but not less than two (not less than three where specified) reputable firms in a position to provide the material, equipment, or services as required, at a reasonable cost, and to award a contract to that firm quoting the minimum price, and with the further understanding that the said offers, proposals, or bids were to be opened by, or in the presence of, the Supervisor of Shipbuilding, United States Navy, or his representative, and were to be subject to his approval before award of the subcontract for materials or services. In connection with his aforesaid contract with the Cramp Shipbuilding Co., Charles F. Rohleder negotiated with and made awards of contracts, directly and through agents, to respondent, Grater-Bodey Co., for the purchase of "millwork and lumber."

PAR. 7. Throughout a period of time beginning on or about the first day of October 1940 and continuing thereafter until subsequent to January 1, 1942, respondent, S. W. Roberts, in his capacity as an individual, and in his capacity as president and agent of respondent, Grater-Bodey Co., indulged in a practice of preparing and submitting sham, false, fictitious, fraudulent, and non-competitive bids to buyers and prospective buyers of

"millwork and lumber." As a part of the aforesaid practice, on each of a number of occasions, in response to invitations which he received as president and agent of the Grater-Bodey Co., from buyers and prospective buyers of "millwork and lumber" for bids and quotations, he procured stationery bearing the letterheads of firms other than Grater Bodey Co., which firms were considered to be in competition with the Grater-Bodey Co., and used such stationery in preparing bids and price quotations at different, higher, and non-competitive levels compared with the bids and price quotations he prepared in each comparable instance in the name and on the stationery of the Grater-Bodey Co. When the said S. W. Roberts thus prepared bids on the letter-heads of other firms, including said S. S. Keely & Sons and said A. Wilt & Sons Co., he did so over the false but purported signatures of officials of those respective firms as written by S. W. Roberts or at his direction. In each instance when three bids, one purporting to be the bid of respondent, Grater-Bodey Co., one the bid of S. S. Keely & Sons, and one the bid of A. Wilt & Sons Co., were thus prepared or caused to be prepared by S. W. Roberts, he submitted or caused the same to be submitted to buyers and prospective buyers of "millwork and lumber" for the purpose and with the result of deceiving and misleading such buyers and prospective buyers into believing, considering, and approving such bids as genuine and competitive bids of three competing sellers of "millwork and lumber." As a result of the submission of aforesaid sham, false, fictitious, fraudulent, and non-competitive bids by its president and agent, the Grater-Bodey Co. enjoyed awards of numerous contracts to it by said Charles F. Rohleder, his employees and agents, with the approval of officials of Cramp Shipbuilding Co. and representatives of the Supervisor of Shipbuilding, United States Navy, secured through deception as aforesaid.

PAR. 8. The doing and performing of the acts and things and the use of the methods set forth above tend to have, and have had, the effect of depriving buyers and prospective buyers of "millwork and lumber," including contractors and subcontractors with the United States Government, of the benefit of competition in commerce between and among sellers of such products.

CONCLUSION

The acts, practices and methods, as hereinbefore found, are all to the prejudice of the public; have a dangerous tendency to and have actually frustrated, hindered, suppressed, lessened, restrained, and eliminated competition in the sale of "millwork and lumber" in commerce within the intent and meaning of the Federal Trade Commission Act; have the tendency and capacity to restrain unreasonably, and have restrained unreasonably, such commerce in such products; have a dangerous tendency to create a respondent, Grater-Bodey Company, a monopoly in the sale and distribution of such products; and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce within the intent and meaning of Section 5 of the Federal Trade Commission Act.

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission and the substitute answer of the respondents, in which answer respondents admit all of the material allegations set forth in said complaint and waive all intervening procedure and further hearing as to the facts, and the Commission having made its findings as to the facts and its conclusion that respondents have violated the provisions of Section 5 of the Federal Trade Commission Act.

It is ordered, That respondents, Grater-Bodey Co., a corporation, and S. W. Roberts, individually, and as president of Grater-Bodey Co., their respective representatives, agents, and employees, in connection with the offering for sale, sale, and distribution of "millwork and lumber" in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from doing or performing any of the following acts, things, or practices:

1. Submitting or procuring, assisting, or cooperating in the submission to any buyer of multiple bids or price quotations for the same materials for use on the same project but in the names of different or apparently different prospective sellers.

2. Aiding, assisting, or cooperating in any manner in the submission of any sham, fictitious, fraudulent, or non-competitive bids or price quotations to any buyer or prospective buyer, or to any official or awarding authority of any Federal agency or to any one acting for or on its behalf, or for or on behalf of any contractor with such agency.

3. Interfering with or assisting in interfering with the procurement or consideration of genuinely competitive bids or price quotations by any Federal agency or any official or awarding authority of such agency, or by any buyer or prospective buyer.

4. Promoting, establishing, carrying out, or continuing any act or practice for the purpose or with the effect of maintaining or presenting a false appearance of competition between or among sellers in the submission of price quotations or bids to buyers or prospective buyers.

5. Arranging or attempting to arrange for the filing of any bid in the name of one ostensibly competing bidder when the prices and terms are in fact determined by some other bidder or when in fact the bid is not a bona fide bid.

It is further ordered that the respondents shall, within 60 days after the service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF
GRATER-BODEY COMPANY, ET AL.¹

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 4804. Complaint, Aug. 6, 1942—Decision, Sept. 6, 1944

Where (1) a corporation engaged in the interstate purchase, milling and sale of "millwork and lumber," and two partners, and a second corporation, similarly engaged, in competition among themselves and with others except insofar as said competition had been lessened or forestalled as below set forth; (2) two individuals who were presidents of aforesaid corporations and instrumental in effecting their said purchases and sales; (3) a general contractor engaged directly and through his two agents in negotiating with and buying from said first corporation and its said president, such "millwork and lumber," including, among other products, paneling, panels, trim, doors, sash, screens, cabinets, steps and stairs and unmilled lumber; and (4) the two agents of the aforesaid contractor;

Following arrangements by the Navy with a ship-building company under which said company was to undertake construction of naval vessels, and pursuant to which (1) the Navy agreed to arrange for the advancing of the necessary funds to rehabilitate its shipyards, to be expended under the general supervision of the Navy and subject to its approval, and (2) the company contracted with said general contractor for the reconstruction by him of certain office buildings and shipways on a cost-plus-fixed-fee-basis, with the understanding that in securing materials or services he would obtain competitive offers from as many as practicable, but not less than two—or three where specified—reputable firms and would award a contract to the concern quoting the minimum price; bids to be opened by or in the presence of the Supervisor of Shipbuilding of the Navy, or his representative, and to be subject to his approval before awarding of the subcontract—Cooperated, combined, agreed, and conspired, during a period of some fifteen months or more, to, and did, restrain and suppress competition in the purchase and sale of the aforesaid products; and pursuant to and as a part of the aforesaid understanding, etc.—

- (a) Promoted, established and carried out a practice of maintaining a false appearance of competition between said corporations and partnership and other sellers of millwork and lumber in their submission of price quotations and bids to buyers and prospective buyers;
- (b) Conveyed to such buyers, including official awarding authorities of the United States Government, and others involved in the purchase of said products, the representation that said corporations and firm were rival bidders and competitors, when in fact they were acting collusively in the preparing and submitting of bids; and
- (c) Avoided and prevented competition in the sale and distribution of said products, and prevented the quotation of genuine competitive bids thereon to purchasers; and

¹ The instant case is one of a group of eight having to do with the preparation and submission of sham, false, fictitious, fraudulent and noncompetitive bids in connection with the Navy's arrangements for the construction of ships by the Cramp Shipbuilding Co. at its shipyards in Philadelphia. For list of these cases, see footnote to the case of the Grater-Bodey Co., et al., Docket 4799, p. 113.