
IN THE MATTER OF
MARZOTTO CORPORATION OF AMERICA ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE WOOL PRODUCTS LABELING ACTS

Docket C-916. Complaint, July 16, 1965—Decision, July 16, 1965

Consent order requiring a New York City importer and wholesaler of wool

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products to cease misbranding fabrics as "100% Wool" or "All Wool" whereas in fact, such fabrics contained substantially different fibers and amounts of fibers than represented, and to cease misrepresenting the fiber content of fabrics on invoices.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Marzotto Corporation of America, a corporation, and George Monfrino, Isabella Di Martino, and Sol Horowitz, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of the said Acts and the Rules and Regulations promulgated under the Wool Products Labeling Act of 1939, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Marzotto Corporation of America, is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Individual respondents George Monfrino, Isabella Di Martino and Sol Horowitz are officers of said corporation and cooperate in formulating, directing and controlling the acts, policies and practices of corporate respondent including the acts and practices hereinafter referred to.

Respondents are importers and wholesalers of wool products with their office and principal place of business located at 1290 Avenue of the Americas, New York, New York.

PAR. 2. Subsequent to the effective date of the Wool Products Labeling Act of 1939, respondents have introduced into commerce, sold, transported, distributed, delivered for shipment and offered for sale in commerce as "commerce" is defined in said Act, wool products as "wool product" is defined therein.

PAR. 3. Certain of said wool products were misbranded within the intent and meaning of Section 4(a)(1) of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, in that they were falsely and deceptively stamped, tagged, labeled or otherwise identified with respect to the character and amount of the constituent fibers contained therein.

Among such misbranded wool products, but not limited thereto, were fabrics stamped, tagged, or labeled as containing "100%

Wool" or "All Wool" whereas in truth and in fact, said fabric contained substantially different fibers and amounts of fibers than represented.

PAR. 4. Certain of said wool products were further misbranded in that they were not stamped, tagged, labeled or otherwise identified as required under the provisions of Section 4(a)(2) of the Wool Products Labeling Act of 1939 and in the manner and form as prescribed by the Rules and Regulations promulgated under said Act.

Among such misbranded wool products, but not limited thereto, were certain fabrics with labels on or affixed thereto which failed to disclose the percentage of the total fiber weight of the wool product, exclusive of ornamentation not exceeding 5 per centum of said total fiber weight, of (1) woolen fibers; (2) each fiber other than wool if said percentage by weight of such fiber is 5 per centum or more; and (3) the aggregate of all other fibers.

PAR. 5. The acts and practices of the respondents as set forth above were, and are in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constituted, and now constitute, unfair and deceptive acts and practices and unfair methods of competition in commerce, within the intent and meaning of the Federal Trade Commission Act.

PAR. 6. Respondents, in the course and conduct of their business, now cause and for some time last past, have caused their said products, when sold, to be shipped from their place of business in the State of New York to purchasers located in various other States of the United States, and maintained a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 7. Respondents in the course and conduct of their business, as aforesaid, have made statements on invoices and shipping memoranda to their customers misrepresenting the fiber content of certain of their said products.

Among such misrepresentations, but not limited thereto, were statements representing the fiber content thereof as "100% Wool" or "All Wool," whereas in truth and in fact, said fabric contained substantially different fibers and amounts of fibers than represented.

PAR. 8. The acts and practices set out in Paragraphs Six and Seven have had and now have the tendency and capacity to mislead and deceive the purchasers of said products as to the true

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sales of \$594,000,000 in 1963—to divest itself absolutely within 5 years of seven plants which are engaged in the manufacture of corrugated and solid fibre products, located at Salinas, Fullerton, and Emeryville, Calif., Birmingham, Ala., Jersey City, N. J., Jacksonville, Fla., and Tacoma, Wash., acquired as a result of respondent's acquisitions; and requiring company to refrain from making further acquisitions in specified segments of the fibreboard industry for the next ten years without prior approval of the Commission.

COMPLAINT

The Federal Trade Commission, having reason to believe that the party respondent named above, as hereinafter more particularly designated and described, has violated and is now violating the provisions of Section 7 of the Clayton Act, as amended, (U.S.C., Title 15, Sec. 18) through the acquisition of the stock and assets of 15 corporations, hereinafter more particularly designated and described, hereby issues its complaint pursuant to Section 11 of the aforesaid Act (U.S.C., Title 15, Sec. 21) charging as follows:

I

Definitions

1. For the purposes of this complaint, the following definitions shall apply:

(a) *Paperboard*—a general term descriptive of a sheet made of fibrous material on a paper machine. Paperboard is commonly made from wood pulp, straw, or waste papers, or any combination thereof.

(b) *Containerboard*—a type of paperboard used for the manufacture of corrugated board and solid fibre board.

(c) *Corrugated board*—relatively lightweight, rigid sheets commonly made by combining two sheets of containerboard, which serve as the outer plies, together with a third sheet of containerboard which is fluted or corrugated and pasted between the outer plies.

(d) *Solid fibre board*—rigid sheets made by combining sheets of containerboard. Two sheets of containerboard which serve as the outer plies commonly are combined with one or more flat sheets of containerboard between them, to produce a solid sheet whose thickness and weight depend on the number of inner plies.

(e) *Linerboard*—a type or kind of containerboard usually employed as the smooth outer plies in the manufacture of corrugated board or solid fibre board.

(f) *Corrugating medium*—a type or kind of containerboard employed as the fluted or corrugated component of corrugated board

(g) *Container chip and fillerboard*—a type of containerboard used where strength and quality are not needed. Its two principal uses are (1) as a substitute for linerboard and (2) as the filler plies between two liners of solid fibreboard.

(h) *Corrugated products*—articles, primarily comprising corrugated shipping containers and other types of corrugated boxes, manufactured from corrugated board.

(i) *Solid fibre products*—articles, including shipping containers and boxes, made from solid fibreboard.

(j) *Corrugator plant*—a manufacturing facility where containerboard is combined into sheets of corrugated board, and such corrugated board is usually converted into corrugated products.

(k) *Sheet plant*—a manufacturing facility which converts sheets of corrugated board into corrugated products. Sheet plants do not manufacture corrugated board and are indirect, not direct, consumers of containerboard.

II

The Respondent

2. Respondent, St. Regis Paper Company (hereinafter referred to as St. Regis), is, and has been at all times relevant herein, a corporation organized and existing under the laws of the State of New York with its present office and principal place of business located at 150 E. 42nd St., New York, New York.

3. St. Regis is engaged in commerce as "commerce" is defined in the Clayton Act, as amended, and has been continuously so engaged at least since 1953.

4. St. Regis is engaged in the manufacture, sale and distribution of a wide variety of paper and paper products including, but not restricted to, paperboard, linerboard, corrugating medium, container chip and filler board, and converted paperboard products.

5. In 1963 St. Regis had net sales of approximately \$594,000,000, and its total assets amounted to approximately \$603,600,000.

6. St. Regis' development has been characterized through the years by continuous growth. By 1949, at the end of 50 years of operation, St. Regis had grown from one mill producing newsprint to one of the leading companies in the pulp and paper industries and operated mills and plants at approximately 23 locations in the United States, as well as a number of other plants in foreign countries.

7. By 1954 St. Regis had become a highly integrated corporation within the paper industry, having its own source of raw materials,

its own manufacturing mills, its own converting operations, and its own sales force.

8. By 1954 St. Regis had become the third largest manufacturer of paper and paper products in the United States.

9. By 1962 St. Regis had become the second largest manufacturer of such products.

10. Much of St. Regis' growth prior to 1954 was the result of its acquisition of stock or assets of other companies.

11. Much of St. Regis' growth subsequent to 1954 also was achieved by acquiring the stock or assets of other companies. In addition to the acquisitions specifically referred to hereinafter, which are alleged as violations of law, St. Regis acquired the stock or assets of 15 other corporations.

12. During the year 1953 St. Regis produced approximately 120,341 tons of linerboard and 27,283 tons of corrugating medium, for a total of 147,624 tons of containerboard. No container chip and filler board was produced by St. Regis in this year. In 1962 St. Regis produced approximately 427,147 tons of linerboard, 67,833 tons of corrugating medium and 19,553 tons of container chip and filler board, for a total of 514,533 tons of containerboard.

III

The Nature of Trade and Commerce

13. The manufacturer of containerboard is a very substantial industry in the United States. In 1962 approximately nine million tons of containerboard were produced, with a dollar valuation of nearly one billion dollars, based on price levels current during that year.

14. The manufacture of corrugated products and solid fibre products constitutes the largest market for the sale or use of containerboard, accounting in 1962 for approximately 95% of all domestic containerboard consumption. By far the greater part of this containerboard was used in the making of corrugated products rather than solid fibre products. In 1962 corrugated products accounted for about 98% of the combined shipments of corrugated products and solid fibre products.

15. The production of corrugated products is also a very substantial industry in the United States. In 1962 about 120.9 billion square feet of corrugated products were shipped, with a total sales valuation of approximately \$1.9 billion. In 1962 approximately 1.2

billion square feet of solid fibre products were shipped with a total sales valuation of approximately \$44 million.

16. Most of the containerboard manufactured in the United States east of the Rocky Mountains area, that is, east of the eastern boundaries of Montana, Wyoming, Colorado, and New Mexico is shipped to users also located east of the Rocky Mountain area. Most of the containerboard manufactured in the Rocky Mountain area, that is, west of the aforesaid boundary line, is shipped to users also located in the Rocky Mountain area.

17. Subsequent to 1953 there has occurred a significant increase in the level of integration of the containerboard producers and corrugated products and solid fibre products manufacturers, that is, users of containerboard. This has resulted, in large measure, from acquisitions by containerboard producers of corrugated products and solid fibre products manufacturers.

18. The manufacturer of containerboard is a relatively concentrated industry. In 1962 the twenty largest manufacturers of containerboard produced approximately 80.5% of all containerboard.

19. The increase in integration between the containerboard and corrugated products industries has produced, in recent years, a concomitant rise in horizontal concentration in the corrugated products industry. As the largest containerboard producing companies have made multiple acquisitions of corrugated products companies, including most of the larger companies in this industry, a greater and greater share of the corrugated products business has been concentrated in the hands of these relatively few containerboard producing companies. In 1962 the twenty largest manufacturers of corrugated products accounted for approximately 67% of total industry shipments.

20. In 1962 St. Regis ranked sixth in the production of containerboard, and its production accounted for approximately 5.5% of total national industry production.

21. In 1962 St. Regis ranked fourth in shipments of corrugated and solid fibre products and these shipments accounted for approximately 4.7% of total national industry shipments. In 1953 St. Regis owned no facilities which were used for the conversion of containerboard into corrugated and solid fibre products. Subsequent to 1953 St. Regis established itself in the corrugated products and solid fibre products industry by acquiring corporations engaged in the manufacture of corrugated and solid fibre products, which are more specifically hereinafter described.

IV

*The Acquisitions Alleged to Violate
Section 7 of the Clayton Act*

Superior Paper Products Company

22. Prior to and until March 21, 1954, Superior Paper Products Company, hereinafter referred to as "Superior," was a corporation organized and existing under the laws of the State of Delaware with its office and principal place of business located in Robinson Township, near Pittsburgh, Pennsylvania.

23. Superior owned and operated two plants, one near Pittsburgh, Pennsylvania, and the other near York, Pennsylvania. Superior was engaged in the manufacture, distribution and sale of corrugated containers, corrugated sheets, and corrugated inserts and interiors. These products were sold to customers located in Pennsylvania, Ohio and other States.

24. The business operations of Superior included the purchase of linerboard, corrugating medium and container chip and filler board. In 1953 Superior used approximately 44,000 tons of these products.

25. Prior to and until March 21, 1954, Superior was engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

26. On or about March 21, 1954, St. Regis acquired all of the stock of Superior, and Superior became a wholly owned subsidiary of St. Regis. On or about December 31, 1956, Superior was merged into St. Regis Container Corporation, another subsidiary of St. Regis.

27. For the fiscal year ending November 30, 1953, Superior had net sales of approximately \$8,765,407 and total assets of approximately \$3,321,569, with net earnings of approximately \$234,642.

Pollock Paper Corporation

28. Prior to and until June 1, 1955, Pollock Paper Corporation, hereinafter referred to as "Pollock," was a corporation organized and existing under the laws of the State of Texas with its office and principal place of business located in Dallas, Texas.

29. Pollock owned and operated plants in Texas, Georgia, Alabama, and Ohio. Pollock was engaged in the manufacture, distribution and sale of waxed paper, labels, folding cartons, set-up boxes, corrugated shipping containers, and other products. Sub-

stantial quantities of products manufactured by it were sold to customers located throughout the United States.

30. The business operations of Pollock included the purchase of corrugated sheets. In 1954 Pollock purchased corrugated sheets valued at approximately \$306,495.

31. Prior to and until June 1, 1955, Pollock was engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

32. On or about June 1, 1955, St. Regis acquired all of the outstanding stock of Pollock. On or about March 28, 1959, Pollock was merged into St. Regis.

33. For the year ending December 31, 1954, Pollock had net sales of approximately \$32,770,307 and total assets of approximately \$1,205,091.

General Container Corporation

34. Prior to and until September 1, 1955, General Container Corporation, hereinafter referred to as "General," was a corporation organized and existing under the laws of the State of Ohio with its office and principal place of business located in Cleveland, Ohio.

35. In addition to the operations conducted by General in its own corporate name, General had five operating subsidiary corporations located at Cohoes, New York, (Albany Corrugated Container Corp.), Buffalo, New York, (Niagara Corrugated Container Co., Inc.) Dubuque, Iowa, (Dubuque Container Co.), Cleveland, Ohio, (Great Lakes Box Co.), and Marshall, Michigan, (Crowell Carton Co.).

36. General was engaged in the manufacture, distribution and sale of corrugated shipping containers, corrugated sheets, and corrugated inserts and interiors, folding cartons and set-up boxes. General also manufactured corrugating medium and container chipboard at its mill at Coshocton, Ohio. In 1954 General produced approximately 17,800 tons of containerboard. General's products were sold to customers located in a number of States including, but not restricted to, the States of New York, Massachusetts, Ohio, Michigan, Iowa, and Illinois.

37. The business operations of General and its subsidiaries included the purchase of linerboard, corrugating medium and container chip and filler board. In 1954 General used over 61,000 tons of containerboard, some of which was manufactured at General's own mill and some of which was purchased from outside sources.

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38. Prior to and until September 1, 1955, General was engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

39. On or about September 1, 1955, St. Regis acquired all of the outstanding stock of General. On or about July 2, 1956, the name of General was changed to St. Regis Container Corporation, a subsidiary of St. Regis, and on or about December 31, 1956, the subsidiaries of General were merged into St. Regis Container Corporation. On or about July 1, 1957, St. Regis Container Corporation was merged into St. Regis Paper Company, the respondent herein.

40. For the year ending December 31, 1954, General and its consolidated subsidiaries had net sales of approximately \$23,030,199 and total assets of approximately \$10,129,758, with net income of approximately \$1,276,230.

The Ajax Box Company

41. Prior to and until January 1, 1956, The Ajax Box Company, hereinafter referred to as "Ajax," was a corporation organized and existing under the laws of the State of Illinois with its office and principal place of business located in Chicago, Illinois.

42. Ajax owned a plant in Chicago, Illinois and was engaged in the manufacture and sale of corrugated shipping containers, corrugated sheets, corrugated inserts and interiors, corrugated wrapping and other products. The products of Ajax were sold throughout the United States.

43. The business operations of Ajax included the purchase of linerboard, corrugating medium, and container chip and filler board. In 1955 Ajax used approximately 15,000 tons of these products.

44. Prior to and until January 1, 1956, Ajax was engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

45. On or about January 1, 1956, St. Regis acquired all of the stock of Ajax. On or about December 31, 1956, Ajax was merged into St. Regis Container Corporation.

46. As of November 5, 1955, Ajax's gross sales for 1955 were approximately \$1,957,198. Its total assets were approximately \$969,584, and its estimated net income was \$122,673.

Cambridge Corrugated Box Company

47. Prior to and until August 17, 1956, Cambridge Corrugated Box Company, hereinafter referred to as "Cambridge," was a corporation organized and existing under the laws of the State of Ohio with its office and principal place of business located in Cambridge, Ohio.

48. Cambridge was engaged in the manufacture and sale of corrugated shipping containers, and corrugated inserts and interiors. These products were manufactured at its plant in Cambridge, Ohio and were sold to customers located in Ohio and West Virginia.

49. The business operations of Cambridge included the purchase of corrugated sheets. In 1955 Cambridge purchased corrugated sheets valued at approximately \$142,873.

50. Prior to and until August 17, 1956, Cambridge was engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

51. On or about August 17, 1956, St. Regis, through its wholly-owned subsidiary, St. Regis Container Corporation acquired all of the stock of Cambridge. On or about September 27, 1958, Cambridge was merged into St. Regis.

52. In 1955 Cambridge had total sales of approximately \$290,000, and as of March 31, 1956, had total assets of approximately \$226,857.

Growers Container Corporation

53. Prior to and until October 1, 1958, Growers Container Corporation, hereinafter referred to as "Growers," was a corporation organized and existing under the laws of the State of California with its office and principal place of business located in Salinas, California.

54. Growers owned plants located at Salinas and Fullerton, California and Jacksonville, Florida. Growers was engaged in the manufacture and sale of corrugated shipping containers, corrugated inserts and interiors. These products were sold to customers located in California, Oregon, Washington, Idaho, Nevada, Arizona, as well as generally throughout the Gulf Coast and Southeastern States.

55. The business operations of Growers included the purchase of linerboard, corrugating medium, and container chip and filler board. In 1957 Growers used approximately 55,000 tons of these products.

56. Prior to and until October 1, 1958, Growers was engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

57. On or about January 16, 1956, St. Regis acquired 34.48% of the stock of Growers. Subsequently, on or about October 1, 1958, St. Regis acquired the remainder of the stock of Growers. On or about June 27, 1959, Growers was merged into St. Regis.

58. For the fiscal year ending September 30, 1957, Growers had net sales of approximately \$12,926,553 and total assets of approximately \$12,034,697.

F. J. Kress Box Company

59. Prior to and until January 1, 1959, F. J. Kress Box Company, hereinafter referred to as "Kress," was a corporation organized and existing under the laws of the State of Pennsylvania with its office and principal place of business located in Pittsburgh, Pennsylvania.

60. Kress owned plants located in Pittsburgh, Pennsylvania, Newark, Ohio and Hagerstown, Maryland. It also leased a plant in Washington, Pennsylvania. Kress was engaged in the manufacture and sale of corrugated shipping containers, corrugated sheets, and corrugated inserts and interiors which were sold to customers located in Ohio, Indiana, West Virginia, Maryland, Virginia, Pennsylvania and New York.

61. The business operations of Kress included the purchase of linerboard, corrugating medium and container chip and filler board. In 1958 Kress used approximately 59,000 tons of these products.

62. Prior to and until January 1, 1959, Kress was engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

63. On or about January 1, 1959, St. Regis acquired all of the stock of Kress, and on February 2, 1959, Kress was merged into St. Regis.

64. For the nine months ending September 30, 1959, Kress had net sales of approximately \$11,638,050 and total assets of approximately \$9,295,114, with net income of approximately \$461,317.

Continental Can Company

65. Prior to and until January 31, 1959, Continental Can Company, hereinafter referred to as "Continental," was a corporation organized and existing under the laws of the State of New York with its office and principal place of business located in New York, New York.

66. Continental owned a number of plants located in various States of the United States, including one at Grafton, West Virginia. At the Grafton, West Virginia plant Continental was engaged in the manufacture and sale of corrugated shipping containers which were sold to customers located in various other States of the United States.

67. The business operations of Continental included the purchase of linerboard and corrugating medium.

68. Prior to and until January 31, 1959, Continental was engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

69. On or about January 31, 1959, St. Regis acquired certain assets of Continental consisting of the corrugated shipping container plant, property and equipment located at Grafton, West Virginia.

Atlanta Container Corporation

70. Prior to and until August 29, 1959, Atlanta Container Corporation, hereinafter referred to as "Atlanta," was a corporation organized and existing under the laws of the State of Delaware with its office and principal place of business located in Atlanta, Georgia.

71. Atlanta operated a plant at Atlanta, Georgia. Atlanta was engaged in the manufacture and sale of corrugated shipping containers and corrugated inserts and interiors. Substantial quantities of products manufactured by it were sold to customers located in various States of the United States.

72. The business operations of Atlanta included the purchase of corrugated sheets. In the first eight months of 1959 Atlanta purchased corrugated sheets valued at approximately \$299,244.

73. Prior to and until August 29, 1959, Atlanta was engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

74. On or about August 29, 1959, St. Regis acquired all of the stock of Atlanta. On or about December 30, 1960, Atlanta was merged into St. Regis.

75. For the fiscal year ending June 30, 1959, Atlanta had net sales of approximately \$1,014,308, total assets of approximately \$272,000, and net income of approximately \$21,766.

Cornell Paperboard Products Co.

76. Prior to and until December 31, 1959, Cornell Paperboard Products Co., hereinafter referred to as "Cornell," was a corporation organized and existing under the laws of the State of Wisconsin with its office and principal place of business located in Milwaukee, Wisconsin.

77. In addition to the operations conducted by Cornell in its own corporate name, Cornell had five wholly-owned subsidiaries; Carton Craftsmen, Inc., an Illinois corporation having its principal office in Cicero, Illinois; Superior Paper Products Company, Inc., an Indiana corporation having its principal office in Marion, Indiana; Rathborne, Hair & Ridgway Box Co., an Illinois corporation having its principal office in Chicago, Illinois; C. L. Cecil Timber Company, a Minnesota corporation having its principal office in Duluth, Minnesota, and Northern Pulpwood and Timber Company,

a Wisconsin corporation having its principal office in Superior, Wisconsin.

78. Additionally, beginning on April 1, 1953, Cornell and three other corporations entered into a series of agreements for the organization and acquisition of shares of the capital stock of Tennessee River Pulp & Paper Company, a Delaware corporation, and the Corinth & Counce Railroad Company, a Mississippi corporation. These agreements also provided for the financing of the acquisition by Tennessee of timberlands and the construction and operation of a kraft containerboard mill at Counce, Tennessee, and the construction by the railroad company of a railroad to serve the mill. Cornell had a 22% interest in each of the above named corporations and the right to purchase 22% of the monthly production of the mill.

79. Cornell's mill located in Milwaukee, Wisconsin manufactured linerboard and container chip and filler board. Cornell's container division located in Milwaukee, Wisconsin manufactured corrugated shipping containers and solid fibre boxes. Cornell's subsidiary, Rathborne, Hair & Ridgway Box Co., had a plant in Chicago, Illinois which manufactured corrugated shipping containers, corrugated sheets and corrugated inserts and interiors. The products of Cornell and its subsidiary corporations were sold to customers located in various States of the United States. In 1959 Cornell produced approximately 33,500 tons of containerboard.

80. The business operations of Cornell included the purchase of linerboard and corrugating medium. In 1959 Cornell and its subsidiary Rathborne, Hair & Ridgway Box Co., purchased approximately 22,000 tons of these products.

81. Prior to and until December 31, 1959, Cornell was engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

82. On or about December 31, 1959, St. Regis acquired all of the stock of Cornell. On or about February 5, 1960, Cornell was merged into St. Regis. On or about July 19, 1960, Rathborne, Hair & Ridgway Box Co. was merged into St. Regis. On or about December 30, 1960, Carton Craftsmen, Inc. was merged into St. Regis.

83. For the fiscal year ending December 31, 1959, Cornell had unconsolidated net sales of approximately \$25,192,530, total assets of approximately \$22,332,135, and net profit before taxes of approximately \$2,190,011. Cornell's wholly-owned subsidiary, Rathborne, Hair & Ridgway Box Co., for the same period had net sales of

approximately \$6,831,932, total assets of approximately \$2,630,171, and net earnings of approximately \$75,685.

Birmingham Paper Company

84. Prior to and until January 1, 1960, Birmingham Paper Company, hereinafter referred to as "Birmingham," was a corporation organized and existing under the laws of the State of Alabama with its office and principal place of business located in Birmingham, Alabama.

85. In addition to the operations conducted by Birmingham in its own corporate name, Birmingham had two wholly-owned subsidiaries, The Nifty Tablet Mfg. Co., a Texas corporation, and Nifty Manufacturing Company, a California corporation.

86. Birmingham owned and operated a plant in Birmingham, Alabama. Birmingham was engaged in the manufacture and sale of corrugated shipping containers, corrugated sheets and corrugated inserts and interiors. Substantial quantities of these products were sold to customers located in Alabama and adjacent States in the United States.

87. The business operations of Birmingham included the purchase of linerboard and corrugating medium. In 1959 Birmingham purchased approximately 12,000 tons of these products.

88. Prior to and until January 1, 1960, Birmingham was engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

89. On or about January 1, 1960, St. Regis acquired all of the stock of Birmingham. On or about March 16, 1960, Birmingham was merged into St. Regis. On or about April 28, 1960, Birmingham's two wholly-owned subsidiaries were also merged into St. Regis.

90. For the fiscal year ending December 31, 1959, Birmingham had net sales of approximately \$8,011,913, total assets of approximately \$3,347,330, and net income of approximately \$351,022.

Sherman Paper Products Corporation

91. Prior to and until January 31, 1960, Sherman Paper Products Corporation, hereinafter referred to as "Sherman," was a corporation organized and existing under the laws of the State of Massachusetts with its office and principal place of business located in Newton, Massachusetts.

92. In addition to the operations conducted by Sherman in its own corporate name, Sherman had three wholly-owned operating subsidiaries: Sherman Paper Products Corporation of Cal-

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ifornia, a California corporation; N - L Realty Corporation, a Massachusetts corporation, and Upper Falls Realty Corporation, a Massachusetts corporation.

93. Sherman owned and operated plants located at Newton, Massachusetts, Chicago, Illinois and Los Angeles, California.

94. Sherman was engaged in the manufacture, distribution and sale of corrugated sheets. These products were sold to customers located throughout the United States.

95. The business operations of Sherman included the purchase of linerboard, corrugating medium, and container chip and filler board. In 1959 Sherman purchased approximately 12,000 tons of these products.

96. Prior to and until January 31, 1960, Sherman was engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

97. On or about January 31, 1960, St. Regis acquired all of the stock of Sherman. On or about March 18, 1960, St. Regis merged the two real estate subsidiaries of Sherman into Sherman. On or about April 17, 1961, Sherman Paper Products Corporation of California was merged into St. Regis. On or about December 30, 1960, Sherman was merged into American Sisalkraft Corporation, a subsidiary of St. Regis.

98. For the year ending December 31, 1958, Sherman had net sales of approximately \$10,603,466 and total consolidated assets of approximately \$7,511,221, with net earnings of approximately \$347,933.

Schmidt & Ault Paper Company

99. Prior to and until March 29, 1960, Schmidt and Ault Paper Company, hereinafter referred to as "Schmidt & Ault," was a corporation organized and existing under the laws of the State of Pennsylvania with its office and principal place of business located in York, Pennsylvania.

100. Schmidt & Ault owned and operated one mill located in York, Pennsylvania. Schmidt & Ault was engaged in the manufacture, distribution and sale of corrugating medium and container chip and filler board. These products were sold to customers located in the Middle Atlantic and Northeastern States.

101. In 1959 Schmidt & Ault produced over 45,000 tons of corrugating medium and container chip and filler board.

102. Prior to and until May 29, 1960, Schmidt & Ault was

engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

103. On or about May 29, 1960, St. Regis acquired all the stock of Schmidt & Ault. On or about August 25, 1960, Schmidt and Ault was merged into St. Regis.

104. For the year ending December 31, 1959, Schmidt & Ault had net sales of approximately \$8,444,289 and total assets of approximately \$10,729,591, with net income of approximately \$748,699.

Federal Container Corporation

105. Prior to and until July 31, 1960, Federal Container Corporation, hereinafter referred to as "Federal," was a corporation organized and existing under the laws of the State of Minnesota with its office and principal place of business located in Minneapolis, Minnesota.

106. Federal owned and operated a plant in Minneapolis, Minnesota. Federal was engaged in the manufacture, distribution and sale of corrugated shipping containers, corrugated sheets, corrugated inserts and interiors, and solid fibre boxes. Substantial quantities of these products were sold to customers located in Minnesota and adjacent States in the United States.

107. The business operations of Federal included the purchase of linerboard, corrugating medium, and container chip and filler board. For the fiscal year ending July 31, 1960, Federal purchased approximately 11,000 tons of these products.

108. Prior to and until July 31, 1960, Federal was engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

109. On or about July 31, 1960, St. Regis acquired all of the stock of Federal. On or about December 31, 1960, Federal was merged into St. Regis.

110. For the eight months ending April 2, 1960, Federal had net sales of approximately \$1,650,958 and total assets of approximately \$2,220,502.

National Kraft Container Corporation

111. Prior to and until August 16, 1960, National Kraft Container Corporation, hereinafter referred to as "National," was a corporation organized and existing under the laws of the State of Delaware with its office and principal place of business located in Jersey City, New Jersey.

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112. In addition to operations conducted by National in its own corporate name, National had only one wholly-owned operating subsidiary, Metro Corrugated Containers, Inc., a New York corporation, which was engaged in the distribution and sale of paperboard containers and other products.

113. National owned and operated plants in Jersey City, New Jersey and Jacksonville, Florida. National was engaged in the manufacture, distribution and sale of corrugated shipping containers, corrugated sheets, and corrugated inserts and interiors. Substantial quantities of these products were sold to customers located in New Jersey and adjacent States and Florida and adjacent States.

114. The business operations of National included the purchase of linerboard and corrugating medium. For the first eight months of 1960 National purchased approximately 17,000 tons of these products.

115. Prior to and until August 16, 1960, National was engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

116. On or about August 16, 1960, St. Regis acquired all of the stock of National.

117. For the three months ending March 31, 1960, National had net sales of approximately \$930,754 and consolidated assets of approximately \$4,419,320.

V

The Alleged Unlawful Adverse Competitive Effects

118. The effect of the aforesaid acquisitions by St. Regis of the stock or assets of Superior Paper Products Company, Pollock Paper Corporation, General Container Corporation, The Ajax Box Company, Cambridge Corrugated Box Company, Growers Container Corporation, F. J. Kress Box Company, Continental Can Company, Atlanta Container Corporation, Cornell Paperboard Products Co., Birmingham Paper Company, Sherman Paper Products Corporation, Schmidt & Ault Paper Company, Federal Container Corporation, and National Kraft Container Corporation may be substantially to lessen competition or to tend to create a monopoly in the manufacture and sale of (1) containerboard, (2) linerboard, (3) corrugating medium, or (4) container chip and filler board in the United States as a whole (excepting Alaska and Hawaii), or in that section of the United States which lies east of the eastern boundaries of Montana, Wyoming, Colorado, and New Mexico, in the following ways, among others:

(a) Competition between St. Regis and other sellers of containerboard, linerboard, corrugating medium, or container chip and filler board has been, or may be, eliminated or restricted;

(b) Independent purchasers and consumers of containerboard, linerboard, corrugating medium, or container chip and filler board have been eliminated;

(c) St. Regis has foreclosed, or may foreclose, actual or potential competitors from a substantial segment of the market for containerboard, linerboard, corrugating medium, or container chip and filler board;

(d) An industry trend toward vertical integration has been substantially accelerated by the reduction in the number of available independent purchasers and consumers of containerboard, linerboard, corrugating medium, or container chip and filler board;

(e) The industry trend toward vertical integration between manufacturers of containerboard, linerboard, corrugating medium, or container chip and filler board and manufacturers of corrugated products and solid fibre products has been, or may be, encouraged or stimulated;

(f) The industry level of integration between containerboard, linerboard, corrugating medium, or container chip and filler board manufacturers and manufacturers of corrugated products and solid fibre products has been substantially increased; and

(g) The entry of new competitive entities into the business of manufacturing and selling containerboard, linerboard, corrugating medium, or container chip and filler board has been made more difficult.

119. The effect of the aforesaid acquisitions by St. Regis of the stock or assets of Superior Paper Products Company, Pollock Paper Corporation, General Container Corporation, The Ajax Box Company, Cambridge Corrugated Box Company, Growers Container Corporation, F. J. Kress Box Company, Continental Can Company, Atlanta Container Corporation, Cornell Paperboard Products Co., Birmingham Paper Company, Sherman Paper Products Corporation, Federal Container Corporation, and National Kraft Container Corporation may be substantially to lessen competition or to tend to create a monopoly in the manufacture and sale of corrugated products and solid fibre products in the United States as a whole (excepting Alaska and Hawaii), or in that section of the United States which lies east of the eastern boundaries of Montana, Wyoming, Colorado, and New Mexico, in the following ways, among others:

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- (a) Actual or potential competition between St. Regis and the corporations acquired by it has been, or may be, eliminated;
- (b) Actual or potential competition among and between the corporations acquired by St. Regis has been, or may be, eliminated;
- (c) Each of the corporations acquired by St. Regis has been eliminated as an independent competitive factor;
- (d) An industry trend toward horizontal concentration has been substantially accelerated;
- (e) The level of horizontal concentration has been substantially increased;
- (f) The industry trend toward horizontal concentration has been, or may be, encouraged or stimulated;
- (g) The entry of new competitive entities into the business of manufacturing and selling corrugated products and solid fibre products has been made more difficult; and
- (h) The actual and potential competitive power of St. Regis has been enhanced to the point where it threatens the existence of non-integrated manufacturers and sellers of corrugated products and solid fibre products.

120. The effect of the aforesaid acquisitions by St. Regis of the stock or assets of Growers Container Corporation and Sherman Paper Products Corporation may be substantially to lessen competition or to tend to create a monopoly in the manufacture and sale of (1) containerboard, (2) linerboard, (3) corrugating medium, or (4) container chip and filler board in that section of the United States which lies west of the eastern boundaries of Montana, Wyoming, Colorado, and New Mexico (excepting Alaska and Hawaii), in the following ways, among others:

- (a) Competition between St. Regis and other sellers of containerboard, linerboard, corrugating medium, or container chip and filler board has been, or may be, eliminated or restricted;
- (b) Independent purchasers and consumers of containerboard, linerboard, corrugating medium, or container chip and filler board have been eliminated;
- (c) St. Regis has foreclosed, or may foreclose, actual or potential competitors from a substantial segment of the market for containerboard, linerboard, corrugating medium, or container chip and filler board;
- (d) An industry trend toward vertical integration has been substantially accelerated by the reduction in the number of available independent purchasers and consumers of containerboard, linerboard, corrugating medium, or container chip and filler board;

(e) The industry trend toward vertical integration between manufacturers of containerboard, linerboard, corrugating medium, or container chip and filler board and manufacturers of corrugated products and solid fibre products has been, or may be, encouraged or stimulated;

(f) The industry level of integration between containerboard, linerboard, corrugating medium, or container chip and filler board manufacturers and manufacturers of corrugated products and solid fibre products has been substantially increased; and

(g) The entry of new competitive entities into the business of manufacturing and selling containerboard, linerboard, corrugating medium, or container chip and filler board has been made more difficult.

121. The effect of the aforesaid acquisitions by St. Regis of the stock or assets of Growers Container Corporation and Sherman Paper Products Corporation may be substantially to lessen competition or to tend to create a monopoly in the manufacture and sale of corrugated products and solid fibre products in that section of the United States which lies west of the eastern boundaries of Montana, Wyoming, Colorado, and New Mexico (excepting Alaska and Hawaii), in the following ways, among others:

(a) Actual or potential competition between St. Regis and the corporations acquired by it has been, or may be, eliminated;

(b) Actual or potential competition among and between the corporations acquired by St. Regis has been, or may be, eliminated;

(c) Each of the corporations acquired by St. Regis has been eliminated as an independent competitive factor;

(d) An industry trend toward horizontal concentration has been substantially accelerated;

(e) The level of horizontal concentration has been substantially increased;

(f) The industry trend toward horizontal concentration has been, or may be, encouraged or stimulated;

(g) The entry of new competitive entities into the business of manufacturing and selling corrugated products and solid fibre products has been made more difficult; and

(h) The actual and potential competitive power of St. Regis has been enhanced to the point where it threatens the existence of non-integrated manufacturers and sellers of corrugated products and solid fibre products.

122. The effect of the aforesaid acquisitions by St. Regis of the stock or assets of General Container Corporation, Cornell Paperboard Products Co., and Schmidt & Ault Paper Company may be

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substantially to lessen competition or to tend to create a monopoly in the manufacture and sale of (1) containerboard, (2) linerboard, (3) corrugating medium, or (4) container chip and filler board in the United States as a whole (excepting Alaska and Hawaii), or in that section of the United States which lies east of the eastern boundaries of Montana, Wyoming, Colorado and New Mexico, in the following ways, among others:

(a) Actual or potential competition between St. Regis and the companies acquired has been, or may be, eliminated;

(b) Actual or potential competition between and among the companies acquired by St. Regis has been, or may be, eliminated;

(c) Each of the companies acquired has been eliminated as an independent competitive factor;

(d) Concentration in the manufacture and sale of containerboard, linerboard, corrugating medium, or container chip and filler board has been increased.

VI

The Violations Charged

123. The acquisitions by St. Regis, individually or cumulatively, of the stock or assets of Superior Paper Products Company, Pollock Paper Corporation, General Container Corporation, The Ajax Box Company, Cambridge Corrugated Box Company, Growers Container Corporation, F. J. Kress Box Company, Continental Can Company, Atlanta Container Corporation, Cornell Paperboard Products Co., Birmingham Paper Company, Sherman Paper Products Corporation, Schmidt & Ault Paper Company, Federal Container Corporation, and National Kraft Container Corporation constitute violations of Section 7 of the Clayton Act (15 U.S.C. 18), as amended.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Restraint of Trade proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of Section 7 of the Clayton Act, as amended; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing

of said agreement is for settlement purposes only, and does not constitute an admission by the respondent that the law has been violated as alleged in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having reason to believe that the respondent has violated Section 7 of the Clayton Act, as amended, and having determined that complaint should issue stating its charges in that respect, hereby issues its complaint, accepts said agreement, makes the following jurisdictional findings and enters the following order:

1. Respondent St. Regis Paper Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 150 E. 42nd Street, New York, New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent.

ORDER

I

It is ordered, That St. Regis Paper Company, hereinafter referred to as "St. Regis," shall divest itself, absolutely and in good faith, subject to the prior approval of the Commission, of all of the right, title and interest of St. Regis in and to its facilities, machinery, buildings, equipment or other property of whatever description (hereinafter referred to as the "plant" or "plants") for the manufacture or conversion of corrugated board or solid fibreboard which are situated at the locations hereinafter named and which were acquired by St. Regis as a result of its acquisition of the corporations specified in subparagraphs (a) through (e) herein, including all rights, titles, interests, assets and properties acquired by St. Regis, together with such machinery and equipment as has been added to or placed on the premises at the following specified locations, in a manner contemplating the operation of each such plant by the purchaser as a going concern in the business operations substantially as conducted by St. Regis therein: *Provided*, That each such plant shall be divested by St. Regis in good faith to a person or persons who, insofar as St. Regis can reasonably determine, will operate each such plant as a going concern engaged in such business: *And provided further*, That pending the aforesaid ordered divestitures, St. Regis shall not make any change in such plants which might substantially impair their present capacities for engaging in such business operations unless such capacities are fully restored prior to divestiture.

<i>Location</i>	<i>Corporate Acquisition</i>
(a) Salinas, California	Growers Container Corporation
(b) Fullerton, California	Growers Container Corporation
(c) Birmingham, Alabama	Birmingham Paper Company
(d) Jersey City, New Jersey	National Kraft Container Corporation
(e) Jacksonville, Florida	National Kraft Container Corporation

II

It is further ordered, That St. Regis shall divest itself, absolutely and in good faith, subject to the prior approval of the Commission, of all of the right, title and interest of St. Regis in and to its plants for the manufacture or conversion of corrugated board or solid fibreboard which are located in (a) Tacoma, Washington, and (b) Emeryville, California, in a manner contemplating the operation of each such plant by the purchaser as a going concern in the business operations substantially as conducted by St. Regis therein: *Provided*, That each such plant shall be divested by St. Regis in good faith to a person or persons who, insofar as St. Regis can reasonably determine, will operate each such plant as a going concern engaged in such business: *And provided further*, That pending the aforesaid ordered divestitures, St. Regis shall not make any change in such plants which might substantially impair their present capacities for engaging in such business operations unless such capacities are fully restored prior to divestiture.

III

The divestiture ordered herein of the St. Regis plants located at Salinas, California; Fullerton, California; Emeryville, California; and Tacoma, Washington, shall include as a part thereof and at the option of the purchaser (a) a non-exclusive license for the application of the St. Regis Wet-lok and Presseal processes in that area of the United States west of the eastern boundaries of Montana, Wyoming, Colorado and New Mexico at a fair and reasonable royalty; and (b) the sale of all equipment and machinery now located at such plants necessary to apply such processes to corrugated containers.

The divestiture of the St. Regis plants located at Birmingham, Alabama; Jersey City, New Jersey; and Jacksonville, Florida, shall not include, as a part thereof, either (a) the licensing of St. Regis'

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Wet-lok or Presseal processes, or (b) the sale of the machinery and equipment required for the application of such processes to corrugated containers.

IV

It is further ordered, That the divestitures of stock, assets and properties required by paragraphs I and II of this Order shall not be divested, sold or transferred, directly or indirectly, to any person who is an officer, director, employee or agent of, or under the control or direction of St. Regis or any subsidiary of St. Regis, or to any person who owns or controls, directly or indirectly, more than one percent (1%) of the common capital stock of St. Regis, or to any purchaser who is not approved in advance by the Federal Trade Commission.

As used in this Order the terms "person" or "persons" is defined as including, but not being restricted to, corporations, partnerships, associations, and other legal entities.

As used in this paragraph IV only of this Order these terms are defined as including natural persons who are individuals in the classifications hereinbefore set forth and all members of the immediate family of each such individual.

V

With respect to the seven plants hereinbefore named in paragraphs I and II and ordered divested, St. Regis shall make every reasonable effort to accomplish divestiture of one of the seven plants within one year from the date of service upon St. Regis of this Order; a second plant within two years of such date; a third and fourth plant within three years of such date; a fifth and sixth plant within four years of such date; and a seventh plant within five years of such date.

If any of the aforesaid divestitures shall not have been accomplished within the periods specified herein, the Commission will give St. Regis written notice and an opportunity to be heard before the Commission issues any further order or orders which the Commission may deem appropriate.

VI

If any of the plants required to be divested by this Order are not sold or disposed of entirely for cash, nothing in this Order shall be deemed to prohibit St. Regis from retaining, accepting and enforcing a lien, mortgage, deed of trust or other security interest in or to any of the aforesaid assets or stock for the purpose of

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securing to St. Regis full payment of prices, with interest, at which any of said plants are sold or disposed of; but if after bona fide disposal of any of the aforesaid plants in accordance with the provisions of this Order, St. Regis, by enforcement of such security interest, regains ownership or control of any such plant or plants, the same shall be redinvested, subject to the provisions of this Order within six (6) months from the time of such reacquisition.

VII

It is further ordered, That for a period of ten years after the service upon it of this Order, St. Regis shall cease and desist from acquiring, directly or indirectly, through subsidiaries, or otherwise, the whole or any part of the share capital, or assets (other than products sold or purchased in the regular course of business), of any domestic concern, corporate or non-corporate, which is, or shall have been engaged at any time during the aforesaid ten year period, in any state of the United States or in the District of Columbia, in the business of manufacturing linerboard, corrugating medium, or container chip and fillerboard, or in the business of converting such products into corrugated board or into solid fibreboard, or in the business of converting corrugated board into corrugated products, or in the business of converting solid fibreboard into solid fibre products, without the prior approval of the Federal Trade Commission.

VIII

It is further ordered, That St. Regis shall, within sixty (60) days after the date of service of this Order, and every ninety (90) days thereafter until St. Regis has fully complied with the provisions of this Order, submit in writing to the Federal Trade Commission a report setting forth in detail the manner and form in which St. Regis intends to comply, is complying or has complied with this Order. All compliance reports shall include, among other things that are from time to time required, a summary of all contacts and negotiations with potential purchasers of the specified plants, the identity of all such potential purchasers, and copies of all written communications to and from such potential purchasers.

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IN THE MATTER OF

JACKSON'S/BYRONS ENTERPRISES, INC.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE TEXTILE FIBER
PRODUCTS IDENTIFICATION ACTS*Docket C-918. Complaint, July 16, 1965—Decision, July 16, 1965*

Consent order requiring a Miami, Fla., operator of a chain of retail department stores, to cease violating the Textile Fiber Products Identification Act by falsely labeling, invoicing, and advertising its textile fiber products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Jackson's/Byrons Enterprises, Inc., a corporation, hereinafter referred to as the respondent, has violated the provisions of said Acts and the Rules and Regulations promulgated under the Textile Fiber Products Identification 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, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Jackson's/Byrons Enterprises, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida.

The respondent corporation with its office and principal place of business located at 29 N. W. Tenth Street, Miami, Florida, is engaged in the operation of a chain of retail department stores, offering a wide variety of popular to medium-priced clothing and other department store merchandise. Operations under the control of the respondent corporation are conducted through wholly owned subsidiaries which are individually incorporated in Florida and comprise eleven retail stores in the Greater Miami area. The same officers of the respondent corporation are similarly officers in the same capacities in the eleven subsidiaries.

PAR. 2. Subsequent to the effective date of the Textile Fiber Products Identification Act on March 3, 1960, respondent has been and is now engaged in the introduction, delivery for sale, sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, and in the importation into the United States, of textile fiber products;