

(60) days after 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
NATIONAL WORK-CLOTHES RENTAL ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

*Docket 8742. Complaint, July 27, 1967—Decision, May 7, 1968**

Consent order requiring 15 linen-rental companies doing business in New Jersey, Louisiana, Tennessee and Arkansas to cease fixing prices and allocating customers.

COMPLAINT

The Federal Trade Commission has reason to believe that the parties listed in the caption hereof, and hereinafter more fully described, have violated and are now violating the provisions of Section 5 of the Federal Trade Commission Act, 15 U.S.C. Sec. 45, and it appears to the Commission that a proceeding by it in respect thereof would be in the public interest. Accordingly, the Commission hereby issues its complaint, stating its charges with respect thereto as follows:

*Order withdrawing complaint as to respondent Jack Shields Bew, p. 834.

PARAGRAPH 1. Respondent National Work-Clothes Rental, hereinafter referred to as National Work-Clothes, is a corporation organized and doing business under the laws of the State of New Jersey, with its office and principal place of business located at 1100 Sherman Avenue, Elizabeth, New Jersey. National Work-Clothes is engaged in the linen rental business nationally. In 1964, National Work-Clothes had a volume of business in excess of \$16,000,000.

Mechanics Work-Clothes Rental, previously Mechanics Overall Service and hereinafter referred to as MOS, is a Division of National Work-Clothes. The office and principal place of business of MOS is located at 2211 Broadway Street, Alexandria, Louisiana. MOS is engaged in the linen rental business in Louisiana, Arkansas and Mississippi. In 1964, MOS had a volume of business in excess of \$600,000.

Respondent Wilmes Investment Co., Inc., hereinafter referred to as Wilmes, is a corporation organized and doing business under the laws of the State of Delaware, with its office and principal place of linen rental business located at 3321 Youree Drive, Shreveport, Louisiana. Wilmes is engaged in the linen rental business in Louisiana, Texas and Arkansas under the trade names Associated Rental Services and American Linen Service Company. Wilmes also engages in the linen rental business in Louisiana, Texas and Arkansas, through wholly owned subsidiary corporations.

Prior to September 30, 1966, the business of Wilmes was owned and operated by Associated Rental Services, Inc., a Louisiana corporation. On September 30, 1966, Wilmes purchased all the stock of Associated Rental Services, Inc. On October 3, 1966, Associated Rental Services, Inc., and its wholly owned subsidiary corporations were liquidated and dissolved. Wilmes formed new corporations to carry on these businesses. The continuity of Associated Rental Services, Inc., and its subsidiaries as going businesses has been uninterrupted to the present time. Wilmes has continued to operate these businesses with substantially the same management personnel and policies employed by Associated Rental Services, Inc., and its subsidiaries.

Respondent Alexandria Linen Service Corporation, hereinafter referred to as Alexandria Linen, is a wholly owned subsidiary of Wilmes. Alexandria Linen is a corporation organized and doing business under the laws of the State of Louisiana, with its office and principal place of business located at 800 Jackson Street, Alexandria, Louisiana. Alexandria Linen is engaged in the linen rental business in Louisiana. In 1964, Alexandria Linen's predecessor corporation, Alexandria Linen Service Co., Inc., a Louisiana corporation, had a volume of business in excess of \$146,000.

Respondent Clean Linen Service Corporation, hereinafter referred to as Clean Linen, is a wholly owned subsidiary of Wilmes. Clean Linen is a corporation organized and doing business under the laws of the State of Louisiana, with its office and principal place of business located at 1304 Hollywood Avenue, Shreveport, Louisiana. Clean Linen is engaged in the linen rental business in Louisiana, Texas and Arkansas. In 1963, Clean Linen's predecessor corporation, Clean Linen Co., Inc., a Louisiana corporation, had a volume of business in excess of \$264,000.

Respondent Community Uniform Service Corporation, hereinafter referred to as Community Uniform, is a wholly owned subsidiary of Wilmes. Community Uniform is a corporation organized and doing business under the laws of the State of Missouri, with its office and principal place of business located at 600 South Fredonia, Longview, Texas. Community Uniform is engaged in the linen rental business in Louisiana, Texas and Arkansas. In 1964, Community Uniform's predecessor corporation, Community Uniform Service of Longview, Inc., a Texas corporation, had a volume of business in excess of \$152,000.

Respondent Friedel Towel Service Corporation, hereinafter referred to as Friedel Towel, is a wholly owned subsidiary of Wilmes. Friedel Towel is a corporation organized and doing business under the laws of the State of Louisiana, with its office and principal place of business located at 1304 Hollywood Avenue, Shreveport, Louisiana. Friedel Towel is engaged in the linen rental business in Louisiana, Texas and Arkansas. In 1963, Friedel Towel's predecessor corporations, Friedel Towel Service, Inc., a Louisiana corporation, and Friedel Industrial Uniform Service, Inc., a Louisiana corporation, had a combined volume of business in excess of \$100,000.

Respondent Shreveport Industrial Uniform & Towel Service Corporation, hereinafter referred to as Shreveport Industrial, is a wholly owned subsidiary of Wilmes. Shreveport Industrial is a corporation organized and doing business under the laws of the State of Delaware, with its office and principal place of business located at 1304 Hollywood Avenue, Shreveport, Louisiana. Shreveport Industrial is engaged in the linen rental business in Louisiana and Arkansas. In 1964, Shreveport Industrial's predecessor corporation, Shreveport Industrial Uniform and Towel Service, Inc., a Louisiana corporation, had a volume of business in excess of \$420,000.

Respondent Lafayette Linen Service Corporation hereinafter referred to as Lafayette Linen, is a wholly owned subsidiary of Wilmes. Lafayette Linen is a corporation organized and doing business under

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the laws of the State of Louisiana with its office and principal place of business located at 417 North Buchanan Street, Lafayette, Louisiana. Lafayette Linen is engaged in the linen rental business in Louisiana. In 1964, Lafayette Linen's predecessor corporation, Lafayette Linen Service Co., Inc., a Louisiana corporation, had a volume of business in excess of \$237,000.

Respondent Monroe Linen Service Corporation, hereinafter referred to as Monroe Linen, is a wholly owned subsidiary of Wilmes. Monroe Linen is a corporation organized and doing business under the laws of the State of Louisiana, with its office and principal place of business located at 405 South Grand Street, Monroe, Louisiana. Monroe Linen is engaged in the linen rental business in Louisiana and Arkansas. In 1963, Monroe Linen's predecessor corporation, Monroe Linen Service Company, Inc., a Louisiana corporation, had a volume of business in excess of \$328,000.

Respondent All-State Linen Service Company, Inc., hereinafter referred to as All-State, is a corporation organized and doing business under the laws of the State of Tennessee, with its office and principal place of business located at 941 Jefferson Avenue, Memphis, Tennessee. All-State is engaged in the linen rental business in Texas, Arkansas, Mississippi and Tennessee under its own name and through wholly owned subsidiary corporations.

Respondent Independent Linen Service Company of Arkansas, Inc., hereinafter referred to as Independent of Arkansas, is a wholly owned subsidiary of Memphis Steam Laundry, a corporation which is in turn wholly owned by All-State. Independent of Arkansas is a corporation organized and doing business under the laws of the State of Arkansas, with its office and principal place of business located at 1901 Woodrow, Little Rock, Arkansas. Independent of Arkansas is engaged in the linen rental business in Texas and Arkansas. Business is also done under the trade name All-State Linen Service Co., Inc. In 1963, Independent of Arkansas had a volume of business in excess of \$2,000,000.

Respondent Arkansas Industrial Uniform Service Company, Inc., hereinafter referred to as Arkansas Industrial, is a corporation organized and doing business under the laws of the State of Arkansas, with its office and principal place of business located at 723 South Broadway, Little Rock, Arkansas. Arkansas Industrial is engaged in the linen rental business in Texas, Arkansas and Mississippi. Arkansas Industrial also does business under the trade name Arkansas Linen Service. In 1964, Arkansas Industrial had a volume of business in excess of \$676,000.

Respondent Industrial Towel & Uniform Supply, hereinafter referred to as Industrial Towel, is a trust organized to carry on business for its own profit or that of its members. Industrial Towel is organized and does business under the laws of the State of Arkansas, with its office and principal place of business located at 323 Sherman Street, Little Rock, Arkansas. Industrial Towel is engaged in the linen rental business in Louisiana and Arkansas. It is also known as White Rose. In 1963, Industrial Towel had a volume of business in excess of \$823,000.

Respondent New Way Laundry and Dry Cleaning Corporation, hereinafter referred to as New Way, is a corporation organized and doing business under the laws of the State of Louisiana with its office and principal place of business located at 1921 Market Street, Shreveport, Louisiana. New Way is engaged in the linen rental business in Louisiana and Texas. Business is also done under the trade names Louisiana Industrial Towel & Uniform and Shreve City. In 1963, New Way had a volume of business in excess of \$457,000.

Respondent Monroe Uniform Service, Inc., hereinafter referred to as Monroe Uniform, is a corporation organized and doing business under the laws of the State of Louisiana, with its office and principal place of business located at 2600 South Grand Street, Monroe, Louisiana. Monroe Uniform is engaged in the linen rental business in Louisiana and Arkansas. Prior to April 1, 1967, the business of Monroe Uniform was owned and operated by respondent Monroe Linen. On or about April 1, 1967, Monroe Uniform purchased part of respondent Monroe Linen's going linen rental business and related operating assets. The continuity of the said business has been uninterrupted to the present time. In 1966, the business which is now Monroe Uniform had a volume of business in excess of \$350,000.

Respondent Clarence A. Buss is president of respondent Monroe Uniform, and his address is the same as that of Monroe Uniform. He was coowner and president of respondent Wilmes' predecessor corporation, Associated Rental Services, Inc., during a substantial part of the time in which the acts and practices charged herein occurred. During such time, he was primarily responsible for the formulation and carrying out of the policies and practices of Associated Rental Services, Inc., and actively participated therein. Following Wilmes' purchase of the stock of Associated Rental Services, Inc., Clarence A. Buss became a vice president of Wilmes, and of each of the predecessor corporations of the respondent wholly owned subsidiaries of Wilmes. In addition, he became the manager of the industrial division of Wilmes' Monroe, Louisiana, operation. He has a ten year con-

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sultant agreement with Wilmes, running from 1966 to 1976. Clarence A. Buss, for many years and continuing to the present time, has initiated, directed, encouraged, promoted, adopted, and acquiesced in, the acts and practices charged herein.

Respondent Hollis Yearwood is president and general manager of respondent Independent of Arkansas, and his address is the same as that of Independent of Arkansas. He is primarily responsible for the formulation and carrying out of the policies and practices of Independent of Arkansas, and actively participates therein. Hollis Yearwood, for many years and continuing to the present time, has initiated, directed, encouraged, promoted, adopted, and acquiesced in, the acts and practices charged herein.

Respondent Nathaniel Cohen is president and a director of respondent National Work-Clothes, and his address is the same as that of National Work-Clothes. He is primarily responsible for the formulation and carrying out of the policies and practices of National Work-Clothes, and actively participates therein. Nathaniel Cohen, for many years and continuing to the present time, has initiated, directed, encouraged, promoted, adopted, and acquiesced in, the acts and practices charged herein.

Respondent Douglas Parrish is president of respondent Arkansas Industrial, and his address is the same as that of Arkansas Industrial. He is primarily responsible for the formulation and carrying out of the policies and practices of Arkansas Industrial, and actively participates therein. Douglas Parrish, for many years and continuing to the present time, has initiated, directed, encouraged, promoted, adopted, and acquiesced in, the acts and practices charged herein.

Respondent W. W. Watson is manager of respondent Industrial Towel, and his address is the same as that of Industrial Towel. He is primarily responsible for the formulation and carrying out of the policies and practices of Industrial Towel, and actively participates therein. W. W. Watson, for many years and continuing to the present time, has initiated, directed, encouraged, promoted, adopted, and acquiesced in, the acts and practices charged herein.

Respondent Walter B. Klyce is president of White Rose Industrial Laundry, 803 Vance Avenue, Memphis, Tennessee, and his address is the same as that of White Rose Industrial Laundry. He created respondent trust, Industrial Towel. He controls the formulation and carrying out of the policies and practices of Industrial Towel, and actively participates therein. Walter B. Klyce, for many years and continuing to the present time, has initiated, directed, encouraged, pro-

moted, adopted, and acquiesced in, the acts and practices charged herein.

Respondent Ben Levy, Jr., is president of respondent New Way, and his address is the same as that of New Way. He is primarily responsible for the formulation and carrying out of the policies and practices of New Way, and actively participates therein. Ben Levy, Jr., for many years and continuing to the present time, has initiated, directed, encouraged, promoted, adopted, and acquiesced in, the acts and practices charged herein.

Respondent Jack Shields Bew is president of nonrespondent conspirator Little Rock Towel & Linen Supply Company, 1501 Main Street, Little Rock, Arkansas, and his address is the same as that of Little Rock Towel & Linen Supply Company. He was president and general manager of respondent Independent of Arkansas, during a substantial part of the time in which the acts and practices charged herein occurred. During such time, he was primarily responsible for the formulation and carrying out of the policies and practices of Independent of Arkansas, and actively participated therein. Jack Shields Bew, for many years and continuing to the present time, has initiated, directed, encouraged, promoted, adopted, and acquiesced in, the acts and practices charged herein.

PAR. 2. Various corporations not made respondents herein participated as coconspirators with respondents in the agreement, understanding, combination, conspiracy or planned common course of action or course of dealing charged herein, and performed acts and made statements in furtherance thereof. Said coconspirators will hereinafter be referred to as nonrespondent conspirators.

These nonrespondent conspirators include, but are not limited to, the following: City Laundry, McGehee, Arkansas; Howlett Laundry, Hot Springs, Arkansas; Knoll Laundry, Stuttgart, Arkansas; Craighead Laundry, Hot Springs, Arkansas; Acme Industrial Laundry, Fort Smith, Arkansas; Nelson-Huckins Laundry, Texarkana, Texas; City Laundry, Camden, Arkansas; Little Rock Towel & Linen Supply Company, Little Rock, Arkansas; Lucky Laundry, Crossett, Arkansas; List Laundry, Pine Bluff, Arkansas; Acme Laundry, Harrison, Arkansas; East Arkansas Linen, Jonesboro, Arkansas; Industrial Uniform & Towel, Tulsa, Oklahoma; Tri-State Service, Springfield, Missouri; City Laundry, Malvern, Arkansas; Tyler Industrial Uniform, Tyler, Texas; Industrial Towel & Uniform Service, Beaumont, Texas; and Mantell's Cleaners, Jackson, Mississippi.

PAR. 3. For the purpose of this complaint, the linen rental business is the service of renting and delivering clean linens at recurrent inter-

vals, generally of one week or less. The clean linens are rented and delivered to users located in the States of Louisiana, Texas, Arkansas and Mississippi, among other States. The service includes the recurrent removal and laundering of soiled linens for which clean linens are replacements. Linen rental users are commercial and industrial establishments, including, but not limited to, motels, restaurants, service stations and factories. Linen rental articles include, but are not limited to, tablecloths, towels, uniforms, wiping cloths and fender covers.

PAR. 4. In the course of their linen rental business, respondents and nonrespondent conspirators regularly cause clean and soiled linens to be transported to and from their customers' places of business located in the States of Louisiana, Texas, Arkansas, and Mississippi, among other States, to and from processing plants or laundries located in the same and other States.

Accordingly, there has been and is now a constant, and continuous current and flow in interstate commerce of linen supplies by and between respondents and their customers located in the States of Louisiana, Texas, Arkansas and Mississippi, among other States. Respondents, therefore, are engaged in commerce, as "commerce" is defined in the Federal Trade Commission Act.

In the course and conduct of their business in commerce respondents and nonrespondent conspirators have been and are now in active competition with one another in the linen rental business, except to the extent that competition has been lessened, hindered, restrained or eliminated as alleged herein.

PAR. 5. For many years, and continuing to the present time, respondents and nonrespondent conspirators have and do now maintain effectuate and carry out, an agreement, understanding, combination, conspiracy, or planned common course of action or course of dealing, hereinafter referred to collectively as the conspiracy, in the linen rental business in the States of Louisiana, Texas, Arkansas and Mississippi, among other States, as more fully set out below. Respondents and nonrespondent conspirators entered into the conspiracy at various times and contributed to carrying it out and to its effects by various means and methods.

PAR. 6. As part of, pursuant to, and in furtherance of the conspiracy, respondents and nonrespondent conspirators for many years and continuing to the present time, have agreed, conspired, combined, acquiesced and cooperated, between and among themselves and others, to allocate linen rental customers by various means and methods of which the following are examples:

1. Agreed not to solicit the customers of one another;

2. Instructed their salesmen, route salesmen and routemen not to solicit the customers of one another;

3. Refused, directly or indirectly, to service customers seeking to change suppliers;

4. Furnished certain customers dirty, torn or old linens, wrong sizes, short orders, late deliveries, and generally bad service to cause such customers to return to their former suppliers, where such customers were obtained by mistake or contrary to the conspiracy;

5. Requested and secured permission to service the customers of one another;

6. Traded customers;

7. Warned one another of customers seeking to change suppliers, to give one another an opportunity to hold customers.

PAR. 7. As part of, pursuant to, and in furtherance of the conspiracy, respondents and nonrespondent conspirators, for many years and continuing to the present time, have agreed, combined, conspired, acquiesced and cooperated, between and among themselves and others, to increase, fix and maintain linen rental service prices.

In furtherance of said price fixing, and in furtherance of the customer allocation agreement set forth in Paragraph Six herein, respondents and nonrespondent conspirators have met in person in various hotels, motels, clubs, restaurants, and offices, among other places, and have communicated with one another by telephone and letter.

The meeting places include, but are not limited to, the following: Lafayette Hotel, Riverdale Country Club, both in Little Rock, Arkansas; El Dorado Restaurant, Oak Tree Restaurant, both in El Dorado, Arkansas; Delta Inn Cafe, Dumas, Arkansas; Evangeline Hotel, Lafayette, Louisiana; Washington-Youree Hotel, Pedro's Restaurant, Sands Motel, all in Shreveport, Louisiana; Penn Hotel, Village Restaurant, Rendezvous Restaurant, Saddle & Spur Restaurant, Frances Hotel, all in Monroe, Louisiana.

PAR. 8. Contributing to the conspiracy and to its effects, is the utilization, by respondents and nonrespondent conspirators, of:

1. *Customer Service Contracts*. Such contracts provide for the furnishing of linen rental service. They contain unreasonably long initial terms and unreasonably long automatic renewal terms, with inadequate provision for cancellation by the customer;

2. *Covenants Not to Compete in Employee Contracts*. Such provisions prohibit employees, after termination of employment, from competing with their former employers by working for themselves or by working for any other linen rental business. Such prohibitions are unreasonable in duration of time and in scope of territory: and

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3. *Covenants Not to Compete in Sales Contracts.* Such provisions prohibit sellers from competing with buyers by working for themselves or by working for any other linen supply business. They also prohibit such sellers from encouraging anyone else from engaging in the linen rental business. Such prohibitions are unreasonable in duration of time and in scope of territory.

PAR 9. The conspiracy and the acts and practices of respondents as alleged herein, have had and do now have the tendency or effect of unduly hindering, lessening, restraining or eliminating competition in the rental of linen supplies; have deprived linen rental customers of the benefits of full and free competition and have hampered their free choice in the selection of suppliers; are all to the prejudice and injury of the public; and constitute unfair methods of competition and unfair acts or practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

LETTER X

(DATE).

DEAR : The Federal Trade Commission has ordered this company and others to stop the illegal practices of allocating customers and fixing prices. A copy of this Order is enclosed.

Under the Order, all outstanding service contracts between your company and this company are unenforceable. We are prohibited from entering into new contracts with customers. You are free to select or change your linen rental supplier at your own discretion. However, at the end of six months from your receipt of this letter, we may again enter into customer contracts, but only for terms up to six months.

Very truly yours,

(President, Owner or Responsible Official).

LETTER Y

(DATE).

DEAR : The Federal Trade Commission has ordered this company and others to stop the illegal practices of allocating customers and fixing prices. A copy of this Order is enclosed.

Under the Order, your covenant not to compete with this company on termination of employment is unenforceable. We are prohibited from entering into new employee covenants. However, at the end of one year from your receipt of this letter, we may again enter into employee covenants, but only for periods up to six months. These covenants may prohibit employees from serving, using or divulging the names and addresses of customers served by them, during the six months immediately prior to termination of employment.

Very truly yours,

(President, Owner or Responsible Official).

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LETTER Z

(DATE.)

DEAR : The Federal Trade Commission has ordered this company and others to stop the illegal practices of allocating customers and fixing prices. A copy of this Order is enclosed.

Under the Order, your restrictive covenant not to compete with this company is unenforceable.

Very truly yours,

(President, Owner or Responsible Official.)

DECISION AND ORDER IN DISPOSITION OF THIS PROCEEDING AS TO ALL
RESPONDENTS EXCEPT RESPONDENT JACK SHIELDS BEW

The Commission having issued its complaint in this proceeding on July 27, 1967, charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with a copy of that complaint; and

Upon motion of respondents and for good cause shown, the Commission, having on November 17, 1967, pursuant to § 2.34(d) of its Rules, withdrawn the matter from adjudication and granted respondents opportunity to negotiate, under Subpart C of Part 2 of its Rules, a settlement by the entry of a consent order; and

The respondents (except respondent Jack Shields Bew *) and counsel supporting complaint having thereafter signed an agreement containing a consent order to cease and desist as to all respondents except respondents Nathaniel Cohen, Walter B. Klyce and Jack Shields Bew, an admission by the signatory respondents of all the jurisdictional facts alleged in the complaint, a statement that the signing of the agreement is for settlement purposes only and does not constitute an admission by said signatory respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and which agreement also contemplates, and provides for, dismissal of the complaint as to signatory respondents Nathaniel Cohen and Walter B. Klyce; and

The Commission, having considered the agreement and having accepted same, and the agreement having thereupon been placed on the public record for a period of 30 days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby makes the following jurisdictional findings, and enters the following order in disposition of the proceeding as to all respondents except respondent Jack Shields Bew:

*Order withdrawing complaint as to respondent Jack Shields Bew, p. 834.

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1. Respondent National Work-Clothes Rental is a corporation organized and doing business under the laws of the State of New Jersey, with its office and principal place of business located at 1100 Sherman Avenue, Elizabeth, New Jersey.

Mechanics Work-Clothes Rental is a Division of National Work-Clothes Rental. Its office and principal place of business is located at 2211 Broadway Street, Alexandria, Louisiana.

Respondent Wilmes Investment Co., Inc., sometimes hereinafter referred to as Wilmes, is a corporation organized and doing business under the laws of the State of Delaware, with its office and principal place of linen rental business located at 3321 Youree Drive, Shreveport, Louisiana.

Respondent Alexandria Linen Service Corporation is a wholly owned subsidiary of Wilmes. It is a corporation organized and doing business under the laws of the State of Louisiana, with its office and principal place of business located at 800 Jackson Street, Alexandria, Louisiana.

Respondent Clean Linen Service Corporation is a wholly owned subsidiary of Wilmes. It is a corporation organized and doing business under the laws of the State of Louisiana, with its office and principal place of business located at 1304 Hollywood Avenue, Shreveport, Louisiana.

Respondent Community Uniform Service Corporation is a wholly owned subsidiary of Wilmes. It is a corporation organized and doing business under the laws of the State of Missouri, with its office and principal place of business located at 600 South Fredonia, Longview, Texas.

Respondent Friedel Towel Service Corporation is a wholly owned subsidiary of Wilmes. It is a corporation organized and doing business under the laws of the State of Louisiana, with its office and principal place of business located at 1304 Hollywood Avenue, Shreveport, Louisiana.

Respondent Shreveport Industrial Uniform & Towel Service Corporation is a wholly owned subsidiary of Wilmes. It is a corporation organized and doing business under the laws of the State of Delaware, with its office and principal place of business located at 1304 Hollywood Avenue, Shreveport, Louisiana.

Respondent Lafayette Linen Service Corporation is a wholly owned subsidiary of Wilmes. It is a corporation organized and doing business under the laws of the State of Louisiana, with its office and principal place of business located at 417 North Buchanan Street, Lafayette, Louisiana.

Respondent Monroe Linen Service Corporation is a wholly owned subsidiary of Wilmes. It is a corporation organized and doing business under the laws of the State of Louisiana, with its office and principal place of business located at 405 South Grand Street, Monroe, Louisiana.

Respondent All-State Linen Service Company, Inc., sometimes hereinafter referred to as All-State, is a corporation organized and doing business under the laws of the State of Tennessee, with its office and principal place of business located at 941 Jefferson Avenue, Memphis, Tennessee.

Respondent Independent Linen Service Company of Arkansas, Inc., is a wholly owned subsidiary of Memphis Steam Laundry, a corporation which is in turn wholly owned by All-State. Independent Linen Service Company of Arkansas, Inc., is a corporation organized and doing business under the laws of the State of Arkansas, with its office and principal place of business located at 1901 Woodrow, Little Rock, Arkansas.

Respondent Arkansas Industrial Uniform Service Company, Inc., is a corporation organized and doing business under the laws of the State of Arkansas, with its office and principal place of business located at 723 South Broadway, Little Rock, Arkansas.

Respondent Industrial Towel & Uniform Supply is a trust organized to carry on business for its own profit or that of its members. It is organized and does business under the laws of the State of Arkansas, with its office and principal place of business located at 323 Sherman Street, Little Rock, Arkansas.

Respondent New Way Laundry and Dry Cleaning Corporation is a corporation organized and doing business under the laws of the State of Louisiana, with its office and principal place of business located at 1921 Market Street, Shreveport, Louisiana.

Respondent Monroe Uniform Service, Inc., is a corporation organized and doing business under the laws of the State of Louisiana, with its office and principal place of business located at 2600 South Grand Street, Monroe, Louisiana.

Respondent Clarence A. Buss is president of respondent Monroe Uniform Service, Inc., and his address is the same as that of said corporation. He was coowner and president of respondent Wilmes' predecessor corporation, Associated Rental Services, Inc.

Respondent Hollis Yearwood was president and general manager of respondent Independent Linen Service Company of Arkansas, Inc., and his address is the same as that of said corporation.

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Respondent Douglas Parrish is president of respondent Arkansas Industrial Uniform Service Company, Inc., and his address is the same as that of said corporation.

Respondent W. W. Watson is manager of respondent Industrial Towel & Uniform Supply, and his address is the same as that of Industrial Towel & Uniform Supply.

Respondent Ben Levy, Jr., is president of respondent New Way Laundry and Dry Cleaning Corporation, and his address is the same as that of said corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the signatory respondents, and the proceeding is in the public interest.

ORDER

I. *It is ordered*, That respondents, National Work-Clothes Rental, a corporation, Wilmes Investment Co., Inc., a corporation, Alexandria Linen Service Corporation, a corporation, Clean Linen Service Corporation, a corporation, Community Uniform Service Corporation, a corporation, Friedel Towel Service Corporation, a corporation, Shreveport Industrial Uniform & Towel Service Corporation, a corporation, Lafayette Linen Service Corporation, a corporation, Monroe Linen Service Corporation, a corporation, All-State Linen Service Company, Inc., a corporation, Independent Linen Service Company of Arkansas, Inc., a corporation, Arkansas Industrial Uniform Service Company, Inc., a corporation, Industrial Towel & Uniform Supply, a trust, New Way Laundry and Dry Cleaning Corporation, a corporation, Monroe Uniform Service, Inc., a corporation, their subsidiaries, successors, assigns, officers, directors, agents, representatives, or employees, directly or through any corporate or other device, Clarence A. Buss, individually, and as an officer of Monroe Uniform Service, Inc., Hollis Yearwood, individually, and as an officer of Independent Linen Service Company of Arkansas, Inc., Douglas Parrish, individually, and as an officer of Arkansas Industrial Uniform Service Company, Inc., W. W. Watson, individually, and as manager of Industrial Towel & Uniform Supply, and Ben Levy, Jr., individually, and as an officer of New Way Laundry and Dry Cleaning Corporation, in connection with the linen rental business in commerce, as "commerce" is defined in the Federal Trade Commission Act, forthwith cease and desist from entering into, maintaining, effectuating, carrying out, cooperating in or continuing any agreement, understanding, combination, conspiracy, or planned common course of action or course of dealing, between or among any two or more of the said respondents or between any one or

more of the said respondents and one or more of any others not parties hereto, to do or perform any of the following:

1. Allocating customers by any means or methods including but not limited to the following:

- a. Agreeing not to solicit customers;
- b. Instructing employees, including salesmen, route salesmen and routemen, not to solicit customers of competitors;
- c. Refusing to service customers seeking to change suppliers;
- d. Furnishing customers dirty, torn or old linens, wrong sizes, short orders, late deliveries and generally bad service, to cause such customers to return to former suppliers;
- e. Requesting permission to service customers of competitors;
- f. Trading customers;
- g. Warning competitors about customers seeking to change suppliers;
- h. Holding or attending any meeting for the purpose of agreeing upon, discussing, exchanging, distributing, relaying, or considering allocation of customers; and
- i. Exchanging, distributing, discussing, or relaying, by telephone, telegram, letter or in person, or by any other means or device, information relating directly or indirectly to allocation of customers.

2. Fixing prices by any means or methods including but not limited to the following:

- a. Increasing or maintaining prices, terms, or conditions of rental services, or adhering to or promising to adhere to prices, terms or conditions of rental services so increased or maintained;
- b. Holding or attending any meeting for the purpose of agreeing upon, discussing, exchanging, distributing, relaying, or considering prices or price policy of any respondent or of one or more of any others not parties hereto; and
- c. Exchanging, distributing, discussing, or relaying, by telephone, telegram, letter, or in person, or by any other means or device, information relating directly or indirectly to prices, terms or conditions of rental services.

II. *It is further ordered*, That the respondents herein, their subsidiaries, successors and assigns, individually or concertedly, and their officers, directors, agents, representatives or employees, directly, or

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through any corporate or other device, in connection with the linen rental business in commerce, as "commerce" is defined in the Federal Trade Commission Act, forthwith:

1. Notify every customer served by any processing plant or other operation located in the States of Louisiana or Arkansas, who is subject to a customer service contract containing a term provision, that he may, during the one hundred eighty (180) days following receipt of Letter X attached hereto, cancel, in writing, the term provision in any outstanding customer service contract. In the event any such customer so cancels his customer service contract, respondents will not seek any legal remedies based upon such cancellation. The cancellation of any term provision, as provided for herein, is not intended to, and shall not, affect any cause of action between customers and respondents as to contractual provisions not related to the said term provision;

2. Cease and desist from enforcing any automatic renewal provision in any customer service contract in effect on the date of service of this Order, with any customer served by any processing plant or other operation located in the States of Louisiana or Arkansas, not cancelled pursuant to Part II, Paragraph 1., herein;

3. Cease and desist, for a period of ten (10) years from the date of service of this Order, from entering into any customer service contract with any customer served by any processing plant or other operation located in the States of Louisiana or Arkansas, the term of which is in excess of one (1) year: *Provided, however, For* a period of one (1) year from the date of service of this Order, said one (1) year customer service contracts shall not be automatically renewable, and the term provision may be cancelled by the customer upon thirty (30) days written notice: *Provided further, That* upon the expiration of the said one (1) year period, customer service contracts may contain automatic renewal periods which do not exceed thirty (30) days: *Provided further, That* upon the expiration of the said one (1) year period, formal and written customer service contracts for special articles (not usable by other customers), and specifically negotiated with an executive or official of the customer, may be entered into for terms which do not exceed two (2) years: *Provided further, That nothing* herein shall prohibit a respondent from complying with the term provision set forth in an Invitation to Bid issued by a state or federal government agency;

4. Notify every salesman, route salesman, and routemen employed in any processing plant or other operation located in the States of Louisiana or Arkansas, that he is free to solicit the business of any and all accounts, including customers of competitors;

5. Cease and desist from enforcing any restrictive covenant in effect on the date of service of this Order which prohibits any employee who has been or is now employed in any processing plant or other operation located in the States of Louisiana or Arkansas, from engaging in the linen rental business for himself or for others: *Provided, however,* That respondents may enforce a restrictive covenant which prohibits the employee, for a period of one (1) year subsequent to the termination of his employment, from serving, using or divulging the names and addresses of customers served by the employee during the six (6) month period immediately preceding termination of employment;

6. Cease and desist, for a period of ten (10) years from the date of service of this Order, from entering into any contract containing a restrictive covenant which prohibits, for a period exceeding one (1) year, any employee employed in any processing plant or other operation located in the States of Louisiana or Arkansas, upon termination of employment, from serving, using or divulging the names of customers not served by said employee during the six (6) month period immediately preceding termination of employment;

7. Cease and desist, for a period of ten (10) years from the date of service of this Order, from entering into any contract containing a provision which prohibits any seller of a linen rental business with one or more processing plants or other operations located in the States of Louisiana or Arkansas, from engaging in the linen rental business for himself or for others, for a period exceeding three (3) years, or in an area extending beyond the linen rental routes of the seller at the time of execution of the said contract;

8. Cease and desist from enforcing or entering into any contractual provision which prohibits any seller of a linen rental business from encouraging anyone else to engage in the linen rental business.

III. *It is further ordered,* That each of the respondents herein shall, within sixty (60) days after service upon them of this Order, serve by mail or in person:

Decision and Order

73 F.T.C.

1. On every customer served by any processing plant or other operation located in the States of Louisiana or Arkansas, who is subject to a customer service contract containing a term provision, the following: (a) a copy of this Order and (b) a copy of Letter X attached to this Order, signed by the president, or owner, or other responsible official;

2. On all of its present salesmen, route salesmen and routemen employed in any processing plant or other operation located in the States of Louisiana or Arkansas, and on all of its former employees who were employed in any processing plant or other operation located in the States of Louisiana or Arkansas and subject to a restrictive covenant imposed by said respondent, in effect on the date of service of this Order, the following: (a) a copy of this Order and (b) a copy of Letter Y attached to this Order, signed by the president, or owner, or other responsible official.

IV. *It is further ordered*, That each of the respondents herein shall, within sixty (60) days after service upon them of this Order, post at all its processing plants and other operations located in the States of Louisiana and Arkansas, copies of the Notice attached hereto marked Appendix. Copies of said Notice shall, after being signed by the president, or owner, or other responsible official of respondent, be posted and maintained for a period of one hundred eighty (180) consecutive days in prominent, conspicuous places, including all places where notices to salesmen, route salesmen, and routemen, are customarily posted. Reasonable steps shall be taken by respondent to insure that said Notices are not altered, defaced, or covered by any other material.

V. *It is further ordered*, That the complaint be, and it hereby is, dismissed as to respondents Nathaniel Cohen and Walter B. Klyce.

VI. *It is further ordered*, That respondent corporations herein shall forthwith distribute a copy of this Order to all of their operating divisions.

VII. *It is further ordered*, That the respondents herein shall within sixty (60) days after 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.

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Decision and Order

Letter X

(Company Letterhead)

(DATE.)

DEAR : This company and certain other companies engaged in the linen and industrial uniform rental business in the States of Louisiana and Arkansas have entered into a consent Order with the Federal Trade Commission, which, among other things, prohibits the allocation of customers and fixing of prices. Our agreement with the Commission is for settlement purposes only and does not constitute an admission by us that the law has been violated. We are enclosing a copy of the Order for your information.

As provided by this Order, you may at any time during the next six months, cancel the term provision in any contract you now have with this company for linen or uniform service. This means you are free to change your linen or uniform supplier. Should you cancel, however, you will not be relieved of other obligations which may exist under the contract.

Very truly yours,

(President, Owner or Responsible Official.)

Enclosure.

Letter Y

(Company Letterhead)

(DATE.)

DEAR : This company and certain other companies engaged in the linen and industrial uniform rental business in the States of Louisiana and Arkansas have entered into a consent Order with the Federal Trade Commission which, among other things, prohibits the allocation of customers and fixing of prices. Our agreement with the Commission is for settlement purposes only and does not constitute an admission by us that the law has been violated. We are enclosing a copy of the Order for your information.

Decision and Order

73 F.T.C.

Employees presently employed by this company are free under this Order to solicit the business of any and all accounts, including customers of competitors of this company.

Any restrictive covenant this company may enforce or enter into, is limited by the Order to one year following termination of employment and to the customers served during the last six months of your employment with our company.

Very truly yours,

(President, Owner or Responsible Official.)

Enclosure.

APPENDIX

N O T I C E

TO ALL SALESMEN, ROUTE SALESMEN AND ROUTEMEN

PURSUANT TO a Consent Order Agreement between this company
and the Federal Trade Commission

THIS COMPANY IS PROHIBITED, among other things, from having any arrangement, agreement or understanding with any other linen rental or industrial rental company, about the servicing of any customer or about prices or rates of rentals to any customer.

YOU ARE FREE to solicit the business of any and all accounts, including customers of competitors of this company.

(Employer.)

Dated:

By _____
(Representative.) (Title.)

This notice must remain posted for 180 consecutive days from the date of posting, and must not be altered, defaced or covered by any other material.

ORDER WITHDRAWING COMPLAINT AS TO RESPONDENT BEW

MAY 7, 1968

The Commission having simultaneously herewith issued its decision and order in disposition of this proceeding as to all respondents except respondent Jack Shields Bew; and it appearing to the Commission that it would not be in the public interest to adjudicate the issues raised as to this individual respondent:

It is ordered, That the complaint be, and it hereby is, withdrawn as to respondent Jack Shields Bew without prejudice to the right of the Commission to bring a new proceeding if the facts should so justify.

Complaint

IN THE MATTER OF

MAX ADELMAN FURS, INC., ET AL.

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

Docket C-1331. Complaint, May 7, 1968—Decision, May 7, 1968

Consent order requiring a New York City manufacturing furrier to cease misbranding and falsely invoicing its fur products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Max Adelman Furs, Inc., a corporation, and Max Adelman, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Fur Products Labeling 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 Max Adelman Furs, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Max Adelman is an officer of the said corporate respondent. He formulates, directs and controls the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

Respondents are manufacturers of fur products with their office and principal place of business located at 330 Seventh Avenue, New York, New York.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the introduction into commerce, and in the manufacture for introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products; and have manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce as the terms "commerce." "fur" and "fur product" are defined in the Fur Products Labeling Act.