
IN THE MATTER OF

CONNELL RICE & SUGAR CO., INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT AND SECS. 2 (a), 2 (c) AND 2 (f)
OF THE CLAYTON ACT

*Docket 8736. Amended Complaint, Apr. 8, 1968—Decisions, Feb. 20, 1969**

Consent orders requiring two of the Nation's largest dealers in corn products, syrups and sweeteners to refrain from a common course of action involving certain full-requirements purchase agreements, accepting illegal brokerage payments, and knowingly inducing or receiving discriminatory prices.

*Commission's order of Mar. 29, 1971, dismissed complaint as to respondent Standard Brands Incorporated.

AMENDED COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act (U.S.C., Title 15, Sec. 45) and the Clayton Act, as amended (U.S.C., Title 15, Sec. 13), and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that the parties named in the caption hereof, and hereinafter more particularly described and referred to as respondents, have violated and are now violating the provisions of Section 5 of the Federal Trade Commission Act and Section 2 of the amended Clayton Act, as hereinafter more particularly described, 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 respect thereto as follows:

PARAGRAPH 1. Respondent Connell Rice & Sugar Co., Inc., sometimes hereinafter referred to as "Connell," is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office and place of business located at 187 Elm Street, Westfield, New Jersey. Connell maintains branch offices at Houston, Texas; San Francisco, California; and Crowley, Louisiana.

Connell is now and for the past several years has been engaged primarily in the business of purchasing and reselling commodities such as rice and sugar for its own account. Said respondent also is now, and for the past several years has been engaged in business as a broker for transactions in refined sugar, corn products and other commodities.

Said respondent's activities, for several years last past and continuing to the present time, have included the preparation of studies designed to forecast prices and market conditions for various commodities, including those which it purchases and resells as principal and those concerning which it acts as broker or agent. Such studies, sometimes hereinafter referred to as "econometric" reports are and have been prepared and furnished by Connell pursuant to agreement with various industrial organizations, and others, in return for which the recipients of such reports agreed to pay and have paid Connell a fee or other valuable consideration. Fees received for said reports varied, ranging from \$300 to \$1000 monthly.

Connell's total annual revenue is in excess of \$60,000,000.

PAR. 2. Respondent Foremost-McKesson, Inc., a corporation,

(formerly Foremost Dairies, Inc., a corporation), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland with its principal office and place of business located at 111 Pine Street, San Francisco, California. It maintains branch offices in various cities throughout the United States.

Foremost Foods Company, a division of Foremost-McKesson, Inc., sometimes hereinafter referred to as "Foremost," is now performing those business functions formerly performed by Foremost Dairies, Inc., which for many years last past was engaged in the production and processing, sale and distribution of fluid milk and other dairy food products and frozen products, such as ice cream, ice milk, sherberts and water ices, throughout the United States. In connection with its manufacturing processes, Foremost uses substantial quantities of refined sugar and corn products. It maintains plants and facilities in various sections of the United States and its annual overall sales have been in excess of \$400,000,000.

PAR. 3. Respondent Standard Brands Incorporated, sometimes hereinafter referred to as "Standard," is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 625 Madison Avenue, New York, New York.

Through its various divisions and subsidiaries said respondent maintains branch offices in various cities throughout the United States. Its total annual sales are now and have been in excess of \$600,000,000.

Standard is now, and for the past several years has been, engaged through its various subsidiaries and divisions, including the Clinton Corn Processing Co. at Clinton, Iowa, in the business of manufacturing, selling and distributing various food products and commodities throughout the United States.

Through its Clinton division, Standard has been and is now engaged in the production, sale and distribution on a nationwide basis of corn products, including corn syrup and sweetener and other products to various customers including respondent Foremost. Respondent Standard, through its Clinton division, has committed the acts and practices alleged herein to be unlawful, and all references hereinafter to respondent Standard are confined and restricted to its conduct through its Clinton division.

PAR. 4. Respondents Connell, Foremost and Standard, in the

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course and conduct of each of their said businesses for the past several years, have been and are now engaged in "commerce" as that term is defined in the Federal Trade Commission Act, and in the Clayton Act, as amended, in that they buy and sell and ship, or cause to be shipped, products manufactured or handled by them, including refined sugar and corn products, from the several places of production or purchase, to purchasers thereof located in States other than the States of production or origin of shipment, and there has been at all times mentioned herein, a continuous current and course of trade and commerce in such products, between and among the several States of the United States and in the District of Columbia. Each of the said respondents is therefore subject to the jurisdiction of the Federal Trade Commission.

COUNT I

Alleging violation of Section 5 of the Federal Trade Commission Act (U.S.C., Title 15, Sec. 45) by all respondents:

PAR. 5. Respondent Foremost, in connection with its production of food products, including ice cream and related products, and their sale in commerce as heretofore alleged, uses or consumes substantial quantities of various commodities including refined sugar and corn syrup and sweeteners. Prior to about the year 1961, said respondent purchased sugar from various sources in the United States, including refiners, processors and distributors. Also prior to about the year 1961 Foremost was under contract to purchase and did purchase a substantial part of its requirements of corn syrup and sweeteners from the American Maize Products Corporation, a company engaged in the production, sale and distribution of corn products throughout the United States. Directly or indirectly Foremost caused the said commodities so purchased to be shipped and transported in commerce as described in Paragraph Four.

For several years prior to 1961, Foremost's wholly owned subsidiary, International Dairy Engineering Co., acted as broker and received brokerage payments on all sales of corn products by American Maize to Foremost. During the year ending June 30, 1960, such sales amounted to approximately 7,500,000 pounds of corn products. During this same period Standard also was selling substantial amounts of corn products annually to Foremost and on such sales was paying brokerage to Foremost's wholly owned and controlled subsidiary.

PAR. 6. During 1961, representatives of respondents Connell and Foremost met to discuss ways and means of centralizing Foremost's purchases of various commodities. As a result of said meetings, it was agreed that Connell would be Foremost's exclusive agent and broker for its purchases of sugar and corn products; that Foremost would instruct its suppliers to pay brokerage fees to Connell on the sale of said commodities; and that Connell, in return, would furnish Foremost "econometric" reports and other valuable marketing services.

Foremost directed and authorized Connell to deal only with sellers who were not only capable of serving all of Foremost's requirements in the United States but who were willing to grant Foremost the lowest price.

PAR. 7. Pursuant to the aforesaid understanding, agreement, combination, conspiracy or common course of action, Foremost notified all suppliers of sugar and corn products, including American Sugar Company, hereinafter American, and Standard, of Connell's appointment as Foremost's exclusive agent and further notified said suppliers that, as a condition of doing business with Foremost, suppliers would be obliged to pay Connell a brokerage fee on all sales to Foremost.

Thereafter, Connell conducted preliminary negotiations culminating in contracts for the sale and shipment of sugar by American and corn products by Standard, to Foremost's plants, located in States other than the State of origin of such shipments, and Connell received brokerage fees from the suppliers on all such sales.

PAR. 8. Further, on or about December 1, 1961, a formal agreement was reached, among the three respondents, whereby in return for supplying all of Foremost's national requirements of corn syrup and sweetener, Standard not only agreed to pay Connell brokerage fees but also to grant Foremost a secret rebate of 50¢ per cwt. on all such sales.

The rebate, after negotiations among respondents, was effectuated under the guise of a series of agreements between Standard and Foremost, whereby Standard purported to lease storage and pumping facilities located at seven of Foremost's plants.

The three respondents also agreed that, in connection with the purchase by Foremost of blends of refined sugar and corn syrup, the sugar refiner producing the blends was required to use Standard's corn syrup and sweetener exclusively.

PAR. 9. Pursuant to the aforesaid understandings, agreements, combinations, conspiracies or common courses of action, and in furtherance thereof, respondents Connell and Foremost have acted in concert and in cooperation with each other and with respondent Standard and others to do, among other things, the following:

- 1) Induce and participate in acts and practices violative of Section 2(c) of the Clayton Act, as amended;
- 2) Induce the negotiation of full requirements contracts or understandings in return for secret rebates, and other discriminatory conditions violative of the Clayton Act as amended;
- 3) Induce sugar refiners, including American, to use only Standard's corn syrup and sweeteners, in blends purchased by Foremost.

PAR. 10. The acts and practices of said respondents as herein alleged are to the prejudice of the public, have a tendency to hinder, suppress, lessen or eliminate competition in the purchase, sale and distribution of various commodities, including sugar and corn products, have a tendency to foster and further monopoly in the sale of sugar and corn products to the exclusion of all competition, and have a tendency to effectuate a monopoly in Connell in the brokerage business in connection with the sale of such commodities and constitute unfair methods of competition or unfair or deceptive acts or practices in commerce, within the meaning of Section 5 of the Federal Trade Commission Act.

COUNT II

Alleging violation of subsection (c) of Section 2, of the Clayton Act, as amended (U.S.C., Title 15, Section 13), by each respondent.

PAR. 11. Each of the respondents is and has been engaged in commerce as heretofore alleged and each engaged in the acts and practices hereinafter described in the course of such commerce.

PAR. 12. In 1961 respondent Foremost entered into agreements with respondent Connell whereby respondent Connell was appointed Foremost's exclusive broker and agent to negotiate for the purchase, by Foremost, of all of its national needs of refined sugar, corn syrup and corn sweetener. As part of said agreements Connell agreed to furnish, and until about February 1964, has furnished without fee, "econometric" reports, as here-

tofore described in Paragraph One, and other valuable services to respondent Foremost.

Pursuant to these agreements, Foremost, during the fall of 1961 and early months of 1962, notified suppliers of refined sugar, corn syrup and sweetener, including American Sugar Company and respondent Standard, that respondent Connell had been appointed as its exclusive broker and agent for Foremost's entire operations in the purchase of such commodities and that commissions or brokerage fees were to be paid to Connell on all sales by such suppliers to Foremost.

PAR. 13. In the fall of 1961 and early months of 1962 respondent Standard entered into an agreement with respondents Connell and Foremost whereby Standard agreed, among other things, to sell Foremost all its national requirements of corn syrup and sweetener and to pay respondent Connell commissions or brokerage on all such sales. Pursuant to said agreement Foremost has continuously purchased all of its national requirements of said commodities from Standard who on all such sales has continuously paid Foremost's agent, Connell, commissions or brokerage fees which Connell has continuously received and accepted.

PAR. 14. Also during the fall of 1961 and early 1962, respondent Connell negotiated with the American Sugar Company to obtain a contract on behalf of Foremost, to supply all of Foremost's requirements of refined sugar.

Pursuant to such negotiations, an agreement was reached in about 1962 whereby American has made substantial sales of refined sugar to Foremost and on such sales has paid brokerage fees or commissions to Connell, the agent of Foremost.

Since 1964 respondent Foremost has obtained supplies of refined sugar from sugar refiners who have agreed to pay and are now paying brokerage to Connell on purchases of such product by Foremost.

PAR. 15. The acts and practices of respondent Connell, in receiving and accepting brokerage or a commission, or an allowance or discount in lieu thereof, on purchases of refined sugar, corn syrup, corn sweetener, and other commodities by its principal Foremost, as above alleged and described, are in violation of subsection (c) of Section 2 of the Clayton Act, as amended (U.S.C., Title 15, Section 13).

The acts and practices of respondent Foremost, in directing that payments of brokerage by suppliers, including American

and respondent Standard, be made to Foremost's agent, Connell, and in accepting the periodic "econometric" reports and other valuable services from Connell, as part of the consideration for the brokerage or commission received by respondent Connell, on purchases of refined sugar, corn syrup and sweetener, and other products, are in violation of subsection (c) of Section 2 of the Clayton Act, as amended (U.S.C., Title 15, Section 13).

The acts and practices of respondent Standard, in paying, granting or allowing brokerage or a commission, to Connell, the broker and agent of Foremost, on sales of corn syrup and corn sweetener to respondent Foremost, as above alleged and described, are in violation of subsection (c) of Section 2 of the Clayton Act, as amended (U.S.C., Title 15, Section 13).

COUNT III

Alleging violation of subsections (a), by Standard, and (f) of Section 2, of the Clayton Act, as amended, (U.S.C., Title 15, Sec. 13) by respondents Connell and Foremost.

PAR. 16. Respondent Standard, through its Clinton Division, as heretofore described in Paragraph Three, is engaged in the production and sale of corn products, including syrup and sweeteners, and their subsequent shipment, in commerce, as heretofore described in Paragraph Four.

Respondent Connell as agent of Foremost, and respondent Foremost, in the course and conduct of their business in commerce and while so engaged, as aforesaid, have purchased corn syrup and sweeteners from Standard and caused said commodities to be shipped and transported from the place or places of manufacture to Foremost's plants located in a State or States other than those from which said shipments originated. The commodities were purchased and shipped, or caused to be shipped by Foremost for its use or consumption in the production and processing of various dairy and frozen food products sold and distributed within the United States, its territories and the District of Columbia.

Other buyers who have purchased and are now purchasing said commodities of like grade and quality at or about the same time from Standard, similarly used or consumed the commodities so purchased in the manufacture, sale and distribution, in commerce, of dairy and frozen food products and were and are in competition with Foremost in the sale of said products.

PAR. 17. In connection with the sales and shipments of corn

products by Standard to Foremost and other purchasers, as described in Paragraph Sixteen and pursuant to and in implementation of their agreement to obtain the lowest price for Foremost's full requirements of corn syrup as heretofore described in Paragraph Six Connell and Foremost have induced Standard to discriminate in price in favor of Foremost.

The discriminatory prices which respondents Connell and Foremost knew, or should have known, were not granted to competing purchasers, were effected and granted by Standard, principally by means of the subterfuge of lease agreements heretofore described in Paragraph Eight.

PAR. 18. The effect of said discriminations in price granted by Standard and knowingly induced and received or knowingly received or accepted by respondents Connell and Foremost as herein alleged, may be substantially to lessen competition or tend to create a monopoly in each of said respondents in the lines of commerce in which they are engaged.

PAR. 19. The foregoing alleged acts and practices of respondent Standard in granting the discriminations in price as set forth herein and the foregoing alleged acts and practices of respondents Connell and Foremost in knowingly inducing and receiving, receiving or accepting the said price discriminations constitute violations of subsections (a) and (f) respectively, of Section 2 of the Clayton Act, as amended.

DECISION AND ORDER IN DISPOSITION OF THIS PROCEEDING AS TO
RESPONDENT CONNELL RICE & SUGAR CO., INC.

The Commission having issued complaint in this proceeding on May 8, 1967, charging the respondents named therein with violations of Section 5 of the Federal Trade Commission Act and Section 2 of the Clayton Act, as amended, and the respondents having been served with a copy of that complaint; and

The respondents having filed request pursuant to § 2.34(d) of the Commission's Rules to have the matter withdrawn from adjudication, and the Commission having granted that request by its order of October 10, 1967; and

Respondent Connell Rice & Sugar Co., Inc., and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by said respondent of all the jurisdictional facts set forth in the copy of the draft of amended complaint attached to the agreement, a statement that the signing of the agreement is for settlement purposes only

and does not constitute an admission by said respondent that the law has been violated as alleged in such draft of amended complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having considered the matter and having then determined that the complaint should be amended in the manner proposed in such agreement, and having thereupon accepted the consent agreement and placed such agreement together with the draft of amended complaint proposed thereby on the public record for a period of thirty (30) days, without objections thereto being received;

Now, therefore, the Commission hereby makes the following jurisdictional findings, and enters the following order in disposition of the proceeding as to respondent Connell Rice & Sugar Co., Inc.:

1. Respondent Connell Rice & Sugar Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office and place of business located at 187 Elm Street, Westfield, New Jersey.

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

ORDER

It is ordered, That respondent Connell Rice & Sugar Co., Inc., a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the purchase of corn products, sugar or any other commodity in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from entering into, continuing, cooperating in or carrying out any agreement, understanding, combination, conspiracy or planned common course of action, between or among any of said respondents named in the caption hereof or between said respondent and others not parties hereto to do or perform any of the following acts or things:

1. Directly or indirectly negotiating as a buyer's agent for the purchase of the buyer's entire requirements of any commodity for unreasonably long periods of time or when based upon the respondent's receipt for itself or receipt by the buyer respondent represents, of direct or indirect price

discriminations prohibited by Section 2 of the Clayton Act, as amended;

2. Requiring a seller, as a condition precedent to doing business with a buyer for whom respondent is an agent, to patronize sources of supply specified by respondent, or the buyer respondent represents, for commodities to be used in the manufacture or production of goods, wares or merchandise to be sold to said buyer unless such specification of source is based upon factors other than direct or indirect price discriminations prohibited by Section 2 of the Clayton Act, as amended;

3. To violate any of the remaining provisions of this order.

It is further ordered, That respondent Connell Rice & Sugar Co., Inc., a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the purchase of corn products, sugar or any other commodity, in commerce, as "commerce" is defined in the amended Clayton Act, do forthwith cease and desist from:

Receiving or accepting, directly or indirectly, from any seller, anything of value as a commission, brokerage, or other compensation, or any allowance or discount in lieu thereof, upon or in connection with any purchase of said commodities where respondent is the agent, representative, or other intermediary acting for, or in behalf of, or is subject to, the direct or indirect control of, any buyer.

It is further ordered, That respondent Connell Rice & Sugar Co., Inc., a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the purchase by any third party buyer of corn products, or any other commodity in commerce, as "commerce" is defined in the amended Clayton Act, do forthwith cease and desist from:

Knowingly inducing any discrimination in price for commodities, by directly or indirectly inducing from any seller, a net price which respondent knows or should know is lower than the net price at which commodities of like grade and quality are being sold by such seller to other purchasers who are in competition with said buyer, where respondent is the agent, representative or other intermediary acting for, or in behalf of, or is subject to the direct or indirect control of, said buyer.

For the purpose of determining "net price" there shall be taken into account all discounts, rebates, allowances, deductions or other terms and conditions of sale by which net prices are affected.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order.

Commissioner Elman not concurring.

DECISION AND ORDER IN DISPOSITION OF THIS PROCEEDING AS TO
RESPONDENT FOREMOST-MCKESSON, INC.

The Commission having issued complaint in this proceeding on May 8, 1967, charging the respondents named therein with violations of Section 5 of the Federal Trade Commission Act and Section 2 of the Clayton Act, as amended, and the respondents having been served with a copy of that complaint; and

The respondents having filed request pursuant to § 2.34(d) of the Commission's Rules to have the matter withdrawn from adjudication, and the Commission having granted that request by its order of October 10, 1967; and

Respondent Foremost-McKesson, Inc., and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by said respondent of all the jurisdictional facts set forth in the copy of the draft of amended complaint attached to the agreement, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by said respondent that the law has been violated as alleged in such draft of amended complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having considered the matter and having then determined that the complaint should be amended in the manner proposed in such agreement, and having thereupon accepted the consent agreement and placed such agreement together with the draft of amended complaint proposed thereby on the public record for a period of thirty (30) days, without objections thereto being received;

Now, therefore, the Commission hereby makes the following jurisdictional findings, and enters the following order, in disposition of the proceeding as to respondent Foremost-McKesson, Inc.:

1. Respondent Foremost-McKesson, Inc. (formerly Foremost Dairies, Inc., a corporation) is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its principal office and place of business located at 111 Pine Street, San Francisco, California.

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

ORDER

It is ordered, That respondent Foremost-McKesson, Inc., a corporation (formerly Foremost Dairies, Inc., a corporation), and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the purchase of commodities as defined herein, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from entering into, continuing, cooperating in, or carrying out any agreement, understanding, combination, conspiracy or planned common course of action, between or among any of said respondents named in the caption hereof or between said respondent and others not parties hereto to do or perform any of the following acts or things:

1. Directly or indirectly negotiating for the purchase of respondent's entire requirements of any commodity for unreasonably long periods of time or when based upon the receipt by respondent, or its agent, of direct or indirect price discriminations prohibited by Section 2 of the Clayton Act, as amended;

2. Requiring a seller, as a condition precedent to doing business with respondent, to patronize sources of supply specified by respondent for commodities to be used in the manufacture or production of goods, wares or merchandise to be sold to respondent unless such specification of source is based upon factors other than direct or indirect price discriminations prohibited by Section 2 of the Clayton Act, as amended;

3. To violate any of the remaining provisions of this order.

It is further ordered, That respondent Foremost-McKesson, Inc., a corporation (formerly Foremost Dairies, Inc., a corporation), and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection

with the offering to purchase or purchase of commodities as defined herein, in commerce, as "commerce" is defined in the amended Clayton Act, do forthwith cease and desist from:

Receiving or accepting, directly or indirectly, from any seller, anything of value as a commission, brokerage, or other compensation, or any allowance or discount in lieu thereof, upon or in connection with any purchase of commodities as defined herein for respondent's own account.

It is further ordered, That respondent Foremost-McKesson, Inc., a corporation (formerly Foremost Dairies, Inc., a corporation), and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the offering to purchase or purchase of commodities as defined herein, in commerce, as "commerce" is defined in the amended Clayton Act, do forthwith cease and desist from:

Knowingly inducing and receiving or knowingly receiving or accepting any discrimination in price for commodities, by directly or indirectly inducing and receiving or receiving or accepting, from any seller, a net price which respondent knows or should know, is lower than the net price at which commodities of like grade and quality are being sold by such seller to other purchasers who are in competition with respondent.

For the purpose of determining "net price" there shall be taken into account all discounts, rebates, allowances, deductions or other terms and conditions of sale by which net prices are affected.

"Commodities" as defined herein includes tires and all commodities purchased by respondent for resale, with or without further processing, in the form of frozen food products, ice cream or other dairy products, including all components and packaging materials.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order.

Commissioner Elman not concurring.

Complaint

IN THE MATTER OF

THE WEATHERHEAD COMPANY

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF SEC.
2 (a) OF THE CLAYTON ACT

Docket C-1492. Complaint, Feb. 20, 1969—Decision, Feb. 20, 1969

Consent order requiring a Cleveland, Ohio, manufacturer of industrial fittings and regulators of fluid power products to cease discriminating in price between competing resellers and distributors of certain of its products.

COMPLAINT

The Federal Trade Commission, having reason to believe that The Weatherhead Company, a corporation sometimes herein-after referred to as respondent, has violated and is now violating Section 2(a) of the Clayton Act (U.S.C.A., Title 15, Section 13), as amended by the Robinson-Patman Act, approved June 19, 1936, hereby issues its complaint stating its charges with respect thereto as follows:

PARAGRAPH 1. Respondent, The Weatherhead Company, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with office and principal place of business located at 300 East 131st Street, Cleveland, Ohio.

PAR. 2. Respondent corporation is now and for many years has been engaged in the business of producing, manufacturing, offering for sale, selling and distributing a complete line of industrial fittings, and related products such as valves, hose ends hose assemblies, and regulators used in the transmission and control of fluid power products.

The respondent is one of the largest producers and distributors of these products in the United States, and its current annual sales of these products are in excess of \$90,000,000.

PAR. 3. Respondent sells these products directly to large users known as Original Equipment Manufacturers (hereinafter "O.E.M's") in the automotive industry, the automotive replacement industry, the aviation industry, the gas and petroleum industry, the air conditioning industry, the mobile home industry, and other large industries. Said products are sold by respondent to these "O.E.M's" primarily for use as component