
IN THE MATTER OF
GEON INTERCONTINENTAL CORPORATION, ET AL.

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

*Docket C-1623. Complaint, Nov. 12, 1969—Decision, Nov. 12, 1969**

Consent order requiring two importers and distributors of replacement parts for foreign-made automobiles located in Melville and Woodbury, N.Y., to cease restricting competition in the foreign automotive parts business by threatening or coercing suppliers of such parts not to sell to potential new entrants into the field.

* Published as modified by Commission's order of Feb. 26, 1970, by modifying paragraph VI of the order.

Decision and Order

76 F.T.C.

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:

PARAGRAPH 1. Respondent Geon Intercontinental Corporation, hereinafter referred to as Geon, is a corporation organized, existing and doing business under the laws of the State of New York, with its offices and principal place of business at 101 Crossways Park West, Woodbury, New York.

On January 3, 1969, respondent Geon acquired all the outstanding shares of British Auto Parts Inc., and on that date merged British Auto Parts Inc., into respondent Geon; as a result, British Auto Parts is now a division of Geon. Prior to the merger British Auto Parts engaged in the unlawful acts and practices described herein. The combined sales of Geon and British Auto Parts in 1968 were approximately \$8,000,000.

PAR. 2. Respondent Beck/Arnley Corp., formerly Beck Distributing Corp., hereinafter referred to as Beck/Arnley, is a corporation organized, existing and doing business under the laws of the State of New York, with its principal office and place of business located at 548 Broad Hollow Road, Melville, Long Island, New York. In 1968, the combined sales of Beck/Arnley and its subsidiary Beck Distributing Corp., of California were approximately \$8,000,000.

PAR. 3. Respondents are engaged in the business of importing and distributing replacement parts for foreign-made vehicles. Respondents distribute in the United States through jobbers, who resell to franchised foreign car dealers, independent garages, service stations, other jobbers, and end users. Respondents are among the nation's largest independent importers of foreign-made parts for foreign vehicles.

PAR. 4. In the course and conduct of their business, respondents are now and have been at all times referred to herein, engaged in commerce, as "commerce" is defined in the Federal Trade Commission Act. Respondents import substantial quantities of foreign automotive replacement parts into the United States, and cause

these products to be shipped from States wherein they do business with purchasers located in other States. There is and has been at all times mentioned herein, continuous and substantial current of trade in interstate commerce in automotive replacement parts by and between respondents and their customers located among the several States of the United States and the District of Columbia.

PAR. 5. Except to the extent that competition has been hindered, prevented, frustrated, lessened or eliminated as set forth in this complaint, respondents have been and are now in substantial competition with other corporations, individuals and partnerships engaged in the importation and distribution of foreign automotive replacement parts.

PAR. 6. Beginning in 1968 and continuing to the present time, respondents have and do now maintain, effectuate and carry out an agreement, understanding, combination, conspiracy, or planned course of action or course of dealing to prevent the entry of new companies into the business of importation and distribution of foreign automotive replacement parts.

PAR. 7. As part of, pursuant to and in furtherance of the aforesaid plan to eliminate competition, respondents have agreed, conspired, combined, acquiesced and cooperated between and among themselves to eliminate potential competition in the importation of foreign auto parts by various means of which the following are examples:

1. Threatened not to buy from any foreign supplier who sold to a potential new entrant.
2. Conditioned their future purchasers on the refusal of suppliers to sell to a potential new entrant.
3. Communicated with each other on plans and tactics for combining their efforts to eliminate a potential entrant.

PAR. 8. 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 importation and sale of foreign automotive parts; have deprived distributors, retailers and consumers 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.

Decision and Order

76 F.T.C.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents 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 respondents with violation of the Federal Trade Commission Act; and

The respondents, their attorneys and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents 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 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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now is further conformity with the procedure prescribed in Section 2.34 (b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Beck/Arnley Corporation is a corporation which has its office and principal place of business at 548 Broad Hollow Road, Melville, Long Island, New York, and respondent Geon Intercontinental Corporation is a corporation which has its office and principal place of business at 101 Crossways Park West, Woodbury, New York.

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

ORDER

I. *It is ordered*, That respondents, Geon Intercontinental Corporation, a corporation, and Beck/Arnley Corp., a corporation,

their subsidiaries, successors, assigns, officers, directors, agents, representatives and employees, directly or through any corporate or other device, in connection with the importation, sale, or distribution of imported automotive parts 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 course of action or course of dealing, between or among any of said respondents or between any one or more of the said respondents and one or more of respondents' competitors not parties hereto, to do or perform any of the following:

1. Refusing to buy or threatening to refuse to buy automotive parts from any manufacturer.
2. Inducing, persuading, compelling, or coercing any manufacturer from selling automotive parts to any particular person or group or class of persons.
3. Purchasing or offering to purchase automotive parts from any manufacturer under the condition or understanding that such manufacturer will not sell to any particular person or to any group or class of persons.
4. Communicating directly or indirectly with any manufacturer for the purpose of inducing such manufacturer not to sell automotive parts to any particular person or to any group or class of persons.
5. Suppressing, hindering, restricting or limiting competition in the importation or distribution of automotive parts.

II. *It is further ordered*, That each of the individual corporate respondents herein, their subsidiaries, successors, assigns, officers, directors, agents, representatives and employees, directly or through any corporate or other device, individually cease and desist from performing any of the following:

1. Inducing, persuading, threatening, compelling, coercing or attempting to induce, persuade, threaten, compel or coerce any manufacturer not to sell imported automotive parts to any competitor or potential competitor: *Provided, however*, Nothing contained herein shall prevent any respondent from unilaterally and independently exercising its legal right to maintain, select or terminate any supplier.
2. Seeking, negotiating or entering into, directly or indirectly, any exclusive distributorship arrangement with any

manufacturer listed on Attachments A or B of this order for five (5) years: *Provided, however*, Nothing contained herein shall prevent any respondent from continuing any exclusive distributorship arrangement in effect on March 1, 1968.

III. *It is further ordered*, That respondent Beck/Arnley Corp. shall within sixty (60) days after service upon it of this order, serve by mail on each company listed in Attachment A, a copy of this order and a copy of attached Letter C; and that respondent Geon Intercontinental Corporation shall within sixty (60) days after service upon it of this order, serve by mail on each company listed in Attachment B, a copy of this order and a copy of Letter C attached to this order. For respondent Beck/Arnley Corp.: *It is ordered*, That attached Letter C be signed by Franklin B. Beck, William M. Arnowitz and Randolph C. St. John. For respondent Geon Intercontinental Corporation: *It is ordered*, That attached Letter C be signed by Peter H. Neuwirth and Biarne Qvale.

IV. *It is further ordered*, That respondent corporation herein shall forthwith forward a copy of this order to all of their operating divisions.

V. *It is further ordered*, That respondents herein 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.

VI. *It is further ordered*, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of the order, such as: dissolution, assignment or sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries.

ATTACHMENT A

- 1) AUTOMOTIVE PRODUCTS COMPANY, LTD.
Automotive House
19 Langham Street
London W-1, England
- 2) ASSOCIATED ENGINEERING, LTD.
Forster House—Forster Square
Bradford 1, Yorkshire
England
- 3) J. PAYEN LTD.
Edinburgh Ave., Slough, Bucks
England

595 Decision and Order

- 4) RANSOM & MARLES BEARING CO., LTD.
Newark-on-Trent, England
- 5) W. G. JAMES LTD.
Kingsbury Works
Kingsbury Road
London NW., England
- 6) FICHTEL & SACHS VERKAUFS-KG
Schweinfurt, West Germany
- 7) SALERI ITALO & C.
25065 Lumezzane
Brescia, Italy
- 8) VANDERVELL CANADA LTD.
401 Kipling Avenue South
Toronto 18, Canada
- 9) QUINTON HAZELL LTD.
Colwyn Bay
North Wales, Gt. Britain

ATTACHMENT B

- 1) HEITMANN & BRUNN G.M.B.H.
Gerhart-Hauptmann-Platz 14
2 Hamburg 1, West Germany
- 2) QUINTON HAZELL LTD.
Colwyn Bay
North Wales, Gt. Britain
- 3) P. MITCHELL & CO. LTD.
135 Edmund St.
Birmingham 3, England
- 4) AUTOMOTIVE PRODUCTS COMPANY LTD.
Automobile House
19, Langham St.
London W-1, England
- 5) ASSOCIATED ENGINEERING, LTD.
Forster House—Forster Square
Bradford 1, Yorkshire
England
- 6) HALLS GASKET LTD.
Stirling Road
Slough, Bucks
England
- 7) RANSOM & MARLES BEARING CO. LTD.
Newark-on-Trent, England
- 8) FARNBOROUGH ENGINEERING CO. LTD.
Farnborough Orpington
Kent, England
- 9) FICHTEL & SACHS VERKAUFS-KG
Schweinfurt, West Germany

Decision and Order

76 F.T.C.

LETTER C

(Geon Intercontinental Corporation and Beck/Arnley Corp. official letter-heads)

(Date)

Gentlemen:

The Federal Trade Commission, an Agency of the United States Government, has entered an order against Beck/Arnley Corp. and Geon Intercontinental Corporation prohibiting them from inducing, threatening, persuading, compelling or coercing your company from selling to any competitor or potential competitor in the United States. A copy of this order is attached. Furthermore, by its order, the Commission has prohibited Geon Intercontinental Corporation and Beck/Arnley Corp. from negotiating or entering into any form of exclusive distribution arrangement with your company for five (5) years subject to any exclusive distributorship arrangement in effect on March 1, 1968.

This is to advise you that despite any past communication from our company, we have no objection to your sale of automotive parts to any competitor or potential competitor in the United States. You are further advised that our future purchases from your company will in no way be conditioned on your refusal to sell to any other competitor or potential competitor in the United States. However, we reserve the right to make a unilateral determination on whether to maintain or terminate our relationship with your company for business reasons.

Very truly yours,
