

IN THE MATTER OF

ALUMINUM COMPANY OF AMERICA, ET AL.—

Docket C-2415

ARMCO STEEL CORPORATION, ET AL.—Docket C-2416

CONSENT ORDERS IN REGARD TO THE ALLEGED VIOLATION OF THE
CLAYTON AND FEDERAL TRADE COMMISSION ACTS*Complaints, June 21, 1973—Decisions, June 21, 1973.*

Consent orders requiring the largest domestic aluminum company located in Pittsburgh, Penn., and the third largest domestic steel company located in Middletown, Ohio, among other things not to permit interlocking directorates unlawfully and requiring their directors to make annual statements as to those corporations having an aggregate worth over \$1 million of which they are also directors.

COMPLAINT

The Federal Trade Commission, having reason to believe that the above named respondents have violated the provisions of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act, as amended, and that a proceeding in respect thereof would be in the interest of the public, issues this complaint, stating its charges as follows:

PARAGRAPH 1. Respondent Armco Steel Corporation ("Armco") is a corporation organized and existing under and by virtue of the laws of the State of Ohio, maintaining its principal place of business at Middletown, Ohio. At all times relevant to this complaint, Armco had capital, surplus, and undivided profits aggregating in excess of one billion dollars. In 1971 it had revenues of approximately \$1.7 billion.

PAR. 2. Respondent Aluminum Company of America ("Alcoa") is a corporation organized and existing under and by virtue of the laws of the State of Pennsylvania, maintaining its principal place of business at Pittsburgh, Pennsylvania. At all times relevant to this complaint, Alcoa had capital, surplus, and undivided profits aggregating in excess of one billion dollars. In 1971 Alcoa had revenues of approximately \$1.5 billion.

PAR. 3. John A. Mayer is a resident of the State of Pennsylvania. In 1967 he was elected to the board of directors of Alcoa, and he has been a director of Alcoa from the time of his election to and including the date of this complaint. In 1958 he was elected to the board of directors of Armco, and he was a director of Armco from that time until December 1, 1972. He resigned from the

Armco board of directors after having been notified of the Commission's intention to issue a complaint in this matter.

PAR. 4. (a) Alcoa is the largest domestic aluminum company. In 1971 it accounted for approximately 25 percent of total aluminum industry shipments and approximately 30 percent of primary aluminum capacity.

(b) Armco is by 1971 sales the third largest domestic steel company. Its sales in that year accounted for approximately 10 percent of the revenues of companies engaged primarily in the steel industry and approximately 5 percent of total steel industry shipments in that year.

PAR. 5. Aluminum and steel are metals which are interchangeable for many uses, including but not limited to, building materials, such as industrial and commercial siding and roofing, tanks and other items for cryogenic use, tubing, truck bodies and trailers and similar containers, automobile bumpers and trim, beverage containers, and automobile engine blocks.

PAR. 6. (a) Alcoa's and Armco's respective businesses each encompasses the manufacture and sale of aluminum materials or products, or steel materials or products, respectively, of every kind, including, but not limited to, those referred to in Paragraph Five.

(b) Alcoa and Armco have been and are actual present competitors of each other with respect to many products, such as, but not limited to, building materials, including specifically industrial and commercial siding and roofing, tanks and other items for cryogenic use, tubing, and automobile bumpers and trim.

PAR. 7. (a) Alcoa and Armco have been and are by the nature of their business and location of operation competitors.

(b) The elimination of competition by agreement among Alcoa and Armco would hinder, foreclose, and restrain competition, or tend to create a monopoly, in the aluminum or steel industries as a whole or with respect to specific products supplied by each respondent corporation, as hereinabove alleged.

PAR. 8. (a) The products and materials referred to in Paragraph Six have been and are sold and distributed by Alcoa and Armco from locations in various States of the United States to purchasers located in many other States of the United States.

(b) Alcoa and Armco each engage in commerce as that term is defined in the Clayton Act and Federal Trade Commission Act.

PAR. 9. The foregoing acts and practices of respondents, as hereinbefore alleged and set forth, constitute violations of Section

8 of the Clayton Act and Section 5 of the Federal Trade Commission Act.

DOCKET C-2415

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereto with violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

Respondent Alcoa 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 complaint to issue herein, 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 considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby and by the decision and order in this matter relating to respondent Armco Steel Corporation, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Aluminum Company of America is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business located at Alcoa Building, Pittsburgh, Pennsylvania.

2. Respondent Armco Steel Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Ohio, with its office and principal place of business located at Middletown, Ohio.

3. 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 respondent Aluminum Company of America ("Alcoa"), a corporation, shall not permit on its board of directors any person who is at the same time a director of Armco Steel Corporation.

II

It is further ordered, That respondent Alcoa shall obtain from each Alcoa director an annual statement showing the name, location, and business of each other corporation, having capital, surplus and undivided profits in excess of \$1,000,000 of which such Alcoa director is also a director.

III

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

IV

It is further ordered, That respondent Alcoa shall within 30 days after service upon it of this order file with the Commission a report, in writing, setting forth the manner and form in which it intends to comply with this order.

DOCKET C-2416

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereto with violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

Respondent Armco 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 complaint to issue herein, 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 considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby and by the decision and order in this matter relating to respondent Aluminum Company of America issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Aluminum Company of America is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business located at Alcoa Building, Pittsburgh, Pennsylvania.

2. Respondent Armco Steel Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Ohio, with its office and principal place of business located at Middletown, Ohio.

3. 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 respondent Armco Steel Corporation ("Armco"), a corporation, shall not permit on its board of directors any person who is at the same time a director of Aluminum Company of America.

II

It is further ordered, That respondent Armco shall obtain from each Armco director an annual statement showing the name, location, and business of each other corporation having capital, surplus and undivided profits in excess of \$1,000,000 of which such Armco director is also a director.

ALCOA & ARMCO STEEL CORP.

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Decision and Order

III

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

IV

It is further ordered, That respondent Armco shall within 30 days after service upon it of this order file with the Commission a report, in writing, setting forth the manner and form in which it