

IN THE MATTER OF
CHRYSLER CORPORATION

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATIONS
OF THE CLAYTON AND FEDERAL TRADE COMMISSION ACTS

Docket C-2484. Complaint, Jan. 9, 1974—Decision, Jan. 9, 1974

Consent order requiring Chrysler Corporation, a manufacturer and seller of residential and commercial air conditioners, to cease interlocking its directors with General Electric Company.

Appearances

For the Commission: *Jonathan E. Gaines.*

For the respondent: *William E. Huth of Ziegler, Dykhouse, Wise & Huth, Detroit, Mich.*

COMPLAINT

The Federal Trade Commission, having reason to believe that the above-named respondent has violated the provisions of Section 8 of the Clayton Act, as amended, and Section 5 of the Federal Trade Commission Act, 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 Chrysler Corporation (Chrysler) is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at Detroit, Mich. At all times relevant to this complaint, Chrysler had capital, surplus, and undivided profits aggregating in excess of 1 billion dollars. In 1971 it had revenues of approximately 8 billion dollars.

PAR. 2. General Electric Company (General Electric) is a corporation organized and existing under and by virtue of the laws of the State of New York, maintaining its principal place of business at 570 Lexington Avenue, New York, N.Y. At all times relevant to this complaint, General Electric had capital, surplus, and undivided profits aggregating in excess of 2 billion dollars. In 1971 General Electric had revenues of approximately 9.4 billion dollars.

PAR. 3. Mr. Edmund W. Littlefield is a resident of the State of California. In 1964 he was elected to the board of directors of General Electric and has served in that capacity from the time of his election to and including the date of this complaint. In 1969 he was elected to the board of directors of Chrysler, and he was a director of Chrysler from that time until Mar. 22, 1973. He resigned from Chrysler's board having

been notified of the Commission's intention to issue a complaint in this matter.

PAR. 4. General Electric's and Chrysler's respective businesses each encompasses the manufacture and sale of residential and commercial air conditioners.

PAR. 5. (a) General Electric and Chrysler by the nature of their business and location of operations are competitors of each other with respect to residential and commercial air conditioners.

(b) The elimination of competition by agreement between General Electric and Chrysler would hinder, foreclose, and restrain competition or tend to create a monopoly in the residential and commercial air conditioner markets.

PAR. 6. (a) The products referred to in Paragraph Four are sold and distributed by General Electric and Chrysler from locations in various States of the United States to purchasers located in many other States of the United States.

(b) General Electric and Chrysler each engages in commerce as that term is defined in the Clayton Act and Federal Trade Commission Act.

PAR. 7. The director interlock, as hereinabove alleged, constitutes a violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondent with violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent 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 respondent has violated the said Acts, and that complaint should issue stating its charges in that respect, having thereupon accepted the executed consent ag-

reement and placed such agreement 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 issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Chrysler Corporation (Chrysler) is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at Detroit, Mich.
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

I

It is ordered, That respondent Chrysler Corporation (Chrysler), a corporation, its successors and assigns, do forthwith cease and desist from interlocking the directors of said respondent with General Electric Company (General Electric) through Edmund W. Littlefield, or any other individual, so long as said respondent and General Electric, by virtue of their business and location of operation, compete in the manufacture and sale of any product.

II

It is further ordered, That respondent, Chrysler, for a period of five years from the date of this order, shall, within 30 days after service upon it of this order, as to each existing Chrysler director, and prior to the election hereafter of any director to its board, obtain with respect to each such person, the name, location and most recent annual report of each other corporation, having capital, surplus and undivided profits in excess of \$1,000,000, of which such person is also a director. Based on information contained in the foregoing annual reports, Chrysler shall make a determination during such five-year period whether (a) a product is a principal product of both Chrysler and such other corporation, and (b) such other corporation, by virtue of its business and location of operation, is a competitor of Chrysler in the manufacture and sale of said product, and if it concludes, based on such determination, that such a relationship exists, Chrysler shall not permit such person to serve on its board of directors so long as such person continues to serve on the board of such other corporation.

III

It is further ordered, That respondent Chrysler notify the Commission at least 30 days prior to any proposed change in the corporate

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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 herein shall, within 30 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.