

## IN THE MATTER OF

## GULF COAST BUILDERS EXCHANGE, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF  
THE FEDERAL TRADE COMMISSION ACT*Docket C-2888. Complaint, May 24, 1977 — Decision, May 24, 1977*

This consent order, among other things, requires a Sarasota, Fla., trade association to cease entering into agreements or taking any other action which requires members and signatories to deal exclusively with association's bid depository, and imposes sanctions on those fail to do so. The order further mandates that the firm immediately reinstate those participants previously suspended.

*Appearances*

For the Commission: *Thomas D. Wilson, Jr. and Truett M. Honeycutt.*

For the respondents: *Martin A. Harkavy, Harkavy, Moxley & Mitchell, Sarasota, Fla.*

## COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that the party respondent named or designated in the caption hereof, and hereinafter more particularly named, designated, described and referred to as respondent, has violated the provisions of the 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 Gulf Coast Builders Exchange, Inc. hereinafter referred to as respondent corporation or GCBE, is a non-profit corporation, organized and existing under the laws of the State of Florida, with its principal office located at 1490 First St., Sarasota, Florida.

Respondent GCBE was organized for, and serves its members as, an instrumentality which promotes cooperative activity among its member contractors, collects business data from its members and generally purports to assist them in the operation of their businesses. One of the functions of respondent GCBE is the operation of a bid depository. Said respondent GCBE's membership represents a substantial, if not dominant, part of the construction industry contractors in the central Gulf Coast area of the State of Florida.

For the purposes of this complaint, the participants in the bid

depository operated by respondent GCBE consist of two groups: "members" and "signatories." The "members" group is composed of construction industry contractors who belong to the respondent GCBE and who generally perform general, electrical, plumbing, heating and air conditioning or roofing contracting services in Sarasota and Manatee Counties, Florida. The "members" group is entitled, among other things, to vote for the Board of Directors of the respondent corporation and to participate in, upon becoming signatory to, the bid depository operated by respondent GCBE. The "signatory" group is composed of all non-member contractors who wish to avail themselves of the bid depository service offered by respondent GCBE as hereinafter described. This group has no vote and is limited only to participation in the bid depository service.

The control, direction and management of respondent GCBE is vested in a Board of Directors elected by and from the members of said respondent corporation. The Board of Directors then elects or appoints corporate officers from among the members of the said Board of Directors. The officers of the respondent corporation include a president, a first vice president, a second vice president, a secretary and a treasurer.

PAR. 2. In the course and conduct of its business, respondent corporation has actively operated a bid depository which has aided, abetted, guided and assisted its membership in the unlawful acts and practices herein alleged. Several companies or firms which are signatories to, or members of, the bid depository of respondent corporation and which maintain their principal places of business in states other than the State of Florida submit or solicit bids through said bid depository which are, or may be, used by such companies or firms to award or be awarded building construction contracts. Furthermore, a considerable amount of the materials used in the construction that is the subject of said depository bid submissions and solicitations is shipped from various States of the United States into the State of Florida. Such activity and conduct engaged in by the membership of respondent corporation during the time periods described herein result in a constant current of trade in or affecting commerce in said services or materials between and among the various States of the United States. Accordingly, the acts and practices of the respondent corporation, including, but not limited to, the operation of said bid depository, are in or affect commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended.

PAR. 3. Since at least 1974, respondent GCBE, its officers and directors, and the signatories to and members of its bid depository

have agreed to engage, and have engaged, in unfair and unlawful acts, policies and practices, the result of which is, or may be, to unlawfully hinder, restrain or destroy competition in providing electrical, plumbing, heating and air conditioning, roofing contracting, general contracting and other services related to building construction in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended.

Pursuant to, and in furtherance of, said agreement, respondent has engaged in the following acts, policies and practices, among others:

(1) Providing a bid service or depository which purportedly assists members and signatories of the bid depository of respondent corporation in the awarding and securing of electrical, plumbing, heating and air conditioning and roofing contracting services provided by electrical, plumbing, heating and air conditioning and roofing contractors for the benefit of participating general contractors.

Pursuant to rules and regulations which govern the operations and administration of the bid depository and which rules and regulations were formulated, approved and implemented by the Board of Directors of the respondent corporation, participating members and signatories of said respondent corporation agree to submit bids exclusively through the aforesaid bid depository, and members and signatories to said bid depository agree to receive only those bids submitted through said bid depository.

Participating electrical, plumbing, heating and air conditioning and roofing contractors who submit electrical, plumbing, heating and air conditioning and roofing contracting bids to general contractors not signatories to or members of said bid depository of respondent corporation are subject to suspension from the use of said bid depository and fine for such conduct.

Likewise, member and signatory general contractors who receive bids from electrical, plumbing, heating and air conditioning and roofing contractors not members or signatories to respondent corporation's bid depository, are subject to suspension from the use of said bid depository and fine for such conduct.

(2) Suspending from participation in the bid depository:

(a) numerous member and signatory contractors for submitting bids to non-member or non-signatory general contractors, in violation of said bid depository rules and regulations; and

(b) numerous member and signatory general contractors for awarding contracts based upon bids received from electrical, plumbing, heating and air conditioning and roofing contractors who have not submitted bids through said bid depository.

The aforesaid suspensions which have been imposed for as long as

ten years have caused, and are now causing, substantial injury to those firms laboring under said suspensions and resulting in a substantial lessening of competition and restraint of trade.

PAR. 4. The capacity and tendency of the acts, policies and practices of the respondent as alleged in Paragraph Three have been, are or may be, to unlawfully restrict, restrain, hinder and destroy competition in providing electrical, plumbing, heating and air conditioning, roofing and general contracting services in connection with building construction projects in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended, within the intent and meaning of Section 5 of said Act.

PAR. 5. The policies, acts and practices of the respondent, as hereinbefore set forth, are to the prejudice and injury of the public and constitute unfair acts and practices and unfair methods of competition within the intent and meaning of Section 5 of the Federal Trade Commission Act, as amended.

#### 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 Atlanta Regional Office proposed to present to the Commission for its consideration and which if issued by the Commission would charge respondent with violation of the Federal Trade Commission Act, as amended; 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 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 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 sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, making the following jurisdictional findings, and enters the following order:

1. Respondent Gulf Coast Builders Exchange, Inc. is a non-profit

corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its office and principal place of business located at 1490 First St., Sarasota, Florida.

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 Gulf Coast Builders Exchange, Inc., its officers and directors, and the successors, assigns, agents, representatives and employees of said respondent, directly or indirectly, through any corporate or other device, or through any member of or signatory to its bid depository, in connection with the receipt, solicitation, use, submission or transmission of bids which are, or may be, employed in the awarding of building construction contracts and subcontracts, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended, shall forthwith cease and desist from entering into, continuing, cooperating in, or carrying out, any course of action, undertaking or agreement:

1. Which requires or provides that any member, signatory, company, firm or individual that employs or uses the bid depository of respondent corporation shall receive or solicit bids from, or submit bids to, only those companies, firms or individuals that are also members, signatories or participants in said bid depository;

2. Which subjects any member, signatory, company, firm or individual that employs or uses the bid depository of respondent corporation to suspension from participation in said bid depository or fine or any other kind of sanction, or the threat thereof, for receiving or soliciting bids from, or submitting bids to, any company, firm or individual that is not a member of said respondent corporation, is not a signatory to said bid depository or that does not employ or use said bid depository;

3. (a) To suspend from participation in said bid depository, to fine or to impose any other sanction upon any member, signatory, company, firm or individual for submitting bids to any company, firm or individual that is not a member of respondent corporation, is not a signatory to said bid depository or that does not employ or use said bid depository;

(b) To suspend from participation in said bid depository, to fine or to impose any other sanction upon any member, signatory, company, firm or individual for awarding contracts based upon bids received from any company, firm or individual that is not a member of

respondent corporation, is not a signatory to said bid depository or that does not employ or use said bid depository.

*It is further ordered,* That respondent immediately reinstate any member, signatory, company, firm or individual suspended from participation in said bid depository, which suspension resulted from conduct engaged in by respondent which hereinafter would amount to a violation of this order.

*It is further ordered,* That respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions and to all present and future members, signatories, companies, firms or individuals that participate in said bid depository.

*It is further ordered,* That respondent notify the Commission at least thirty (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, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

*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.

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## Complaint

## IN THE MATTER OF

FLORIDA WEST COAST CHAPTER, NATIONAL ELECTRICAL  
CONTRACTORS ASSOCIATION, INC.CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF  
THE FEDERAL TRADE COMMISSION ACT*Docket C-2889. Complaint, May 24, 1977 — Decision, May 24, 1977*

This consent order, among other things, requires a Tampa, Fla., building trade association to cease entering into agreements or taking any action that would require members and signatories to deal exclusively with association-operated bid depository, and would penalize participants who fail to do so. Further, the order mandates immediate reinstatement for those recalcitrant parties previously suspended from participation.

*Appearances*

For the Commission: *Thomas D. Wilson, Jr., and Truett M. Honeycutt.*

For the respondent: *Stephen W. Sessums, Albritton, Sessums & DiDio, Tampa, Fla.*

## COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that the party respondent named or designated in the caption hereof, and hereinafter more particularly named, designated, described and referred to as respondent, has violated the provisions of the 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 Florida West Coast Chapter, National Electrical Contractors Association, Inc., hereinafter referred to as respondent corporation or FWCCNECA, is a nonprofit corporation, organized and existing under the laws of the State of Florida, with its principal office located at 2103 West Cass St., Tampa, Florida.

Respondent corporation was organized for, and serves its members as, an instrumentality which promotes cooperative activity among its member electrical contractors, collects business data from its members and generally purports to assist them in the operation of their business. One of the functions of respondent corporation is the operation of a bid depository. Said respondent corporation's membership represents a substantial, if not dominant, part of the electrical