

IN THE MATTER OF
ALLIED CORPORATION

MODIFYING ORDER IN REGARD TO ALLEGED VIOLATION OF THE FEDERAL
TRADE COMMISSION AND CLAYTON ACTS

Docket C-3109. Consent Order, May 17, 1983—Modifying Order, Mar. 18, 1987

The Federal Trade Commission has modified a 1983 consent order (101 F.T.C. 721) by requiring that, until 1993 and with certain exceptions, the successors to Allied must obtain prior FTC approval before acquiring any interests or assets of a high-purity acid maker.

ORDER REOPENING THE PROCEEDING AND
MODIFYING CEASE AND DESIST ORDER

On July 29, 1986, Allied Corporation ("Allied") filed a document entitled "Petition By Allied Corporation Pursuant to Section 5(b) of the FTCA and Rule 2.51 To Reopen and Terminate Paragraph III of the Consent Order Entered in Docket No. C-3109." The petition requests that the Commission reopen the order and terminate Paragraphs III and IV. In the alternative, Allied requests that the Commission relieve Allied of its compliance obligations under those paragraphs. Paragraph III prohibits Allied from acquiring for ten years without prior Commission approval "any assets of or any stock interest in any company engaged in the manufacture of high-purity acid in the United States * * *." Paragraph IV requires Allied to file annual reports respecting its compliance with Paragraph III. The preamble to the order defines "respondent" to mean "Allied Corporation, its subsidiaries, affiliates, divisions, successors, and assigns."

On September 19, 1985, Allied merged with The Signal Companies, Inc. ("Signal"). They formed a new parent corporation, Allied Signal Inc. ("Allied Signal"), with Allied becoming a wholly owned subsidiary of Allied-Signal. In December 1985, Allied-Signal restructured itself by forming a new corporation containing thirty-five former businesses of Allied or Signal. The new corporation was named The Henley Group, Inc. and included the entire high-purity acid business of Allied. On May 28, 1986, Allied-Signal spun-off Henley. Seventy percent of the equity of Henley was distributed to the shareholders of Allied-Signal as a stock dividend ("Distribution"). The remaining thirty percent was retained by Allied-Signal. The formation agreement between Allied-Signal and Henley dated February 26, 1986, included a schedule of enumerated liabilities which stated that Henley may be liable for the Commission's order in this matter. On Janu-

ary 28, 1987, Allied-Signal sold nearly all of its remaining Henley stock to Henley.

Allied requests that the Commission terminate Paragraphs III and IV on the basis of changed conditions of fact and the public interest. In the alternative, it requests that Allied be relieved of its obligations under those paragraphs. Allied states that Allied-Signal has divested itself of all of the businesses and assets that gave rise to the order and, therefore, there are no longer competitive concerns that would justify the need for prior Commission approval for any acquisition that Allied may wish to make of a high-purity acid business.

After reviewing Allied's petition and other information, including a December 18, 1986 letter from Henley, the Commission has concluded that termination of Paragraphs III and IV is not warranted. The creation of Henley and transfer to it of Allied's high-purity acid business is not a changed condition of fact warranting such action. The business appears to be continuing in an essentially identical form, and there is consequently reason to believe that Henley may be a successor to Allied for purposes of the order. See *Golden State Bottling Co., Inc. v. NLRB*, 414 U.S. 168, 171 n.2, 181, 182 n.5 (1973).

In view of the foregoing, the Commission has concluded that changed conditions of fact and the public interest warrant a modification to the order relieving Allied of its compliance obligations under Paragraphs III and IV. Allied is no longer engaged in the manufacture and sale of high-purity acids as a result of the transfer of that business to Henley. Furthermore, Allied states that it does not intend now to reenter the market.

Accordingly, it is hereby ordered that the proceeding be, and it hereby is, reopened and the order modified to relieve Allied of its compliance obligations under Paragraphs III and IV.

IN THE MATTER OF

RELIANCE WOOD PRESERVING, INC., ET AL.

CONSENT ORDER IN REGARD TO ALLEGED VIOLATION OF SEC.5 OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-3210. Complaint, April 2, 1987—Decision, April 2, 1987*

This consent order prohibits, among other things, the Federalsburg, MD manufacturer of flame-retardant, pressure-treated wood from misrepresenting the flame-retardant value of its products and requires respondents to notify purchasers that some of the wood may not meet established safety standards.

Appearances

For the Commission: *Charles Peterson* and *Truett M. Honeycutt*.

For the respondents: *Starke Evans*, Federalsburg, MD.

COMPLAINT

The Federal Trade Commission, having reason to believe that Reliance Wood Preserving, Inc., a corporation, McCoy Industries, Inc., a corporation, Reliance Treated Wood, Inc., a corporation, and Daniel Roy Dorman, individually and as an officer of Reliance Wood Preserving, Inc., ("respondents") have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. (a) Respondent Reliance Wood Preserving, Inc. (Reliance), is a Maryland corporation with its office and principal place of business located in the Federalsburg Industrial Park, P.O. Box 349, Federalsburg, Maryland 21632. Respondent Reliance manufactures, advertises, and sells fire retardant treated wood (FRTW).

(b) Respondent Daniel Roy Dorman (Dorman) resides in the State of Maryland. He is president of respondent Reliance; he directs, controls, formulates, or participates in the acts and practices of respondent Reliance.

(c) Respondent Reliance Treated Wood, Inc. (Treated Wood), is a North Carolina corporation with its office located at 300 East Wendover Avenue, Greensboro, North Carolina 27420 and its principal place of business located at Federalsburg Office Park, Federalsburg, Maryland. Respondent Treated Wood advertises and sells FRTW.

(d) Respondent McCoy Industries, Inc. (McCoy), is a North Carolina