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11 UNITED STATES DISTRICT COURT
12 CENTRAL DISTRICT OF CALIFORNIA
13

14 UNITED STATES OF AMERICA,)
15)
16 Plaintiff,)
17)
18 v.) Civil Action No. 81-186
19)
20 KAHAN & LESSIN, CO.;) Filed: January 14, 1981
21 LANDSTROM DISTRIBUTORS, INC.;)
22 NATURE'S BEST, INC.; and) COMPLAINT INVOLVING
23 TREE OF LIFE WEST, INC.,) 15 U.S.C. § 1,
24) CONSPIRACY IN RESTRAINT
25 Defendants.) OF TRADE
26)
27)
28)

29 COMPLAINT

30 The United States of America, plaintiff, by its attorneys,
31 acting under the direction of the Attorney General of the
32 United States, brings this action against the defendants named
33 herein and complains and alleges as follows:
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I
JURISDICTION AND VENUE

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3 1. The United States files this complaint and institutes
4 this action under Section 4 of the Sherman Act (15 U.S.C. § 4),
5 in order to prevent and restrain the continuing violation by
6 the defendants, as alleged below, of Section 1 of the Sherman
7 Act (15 U.S.C. § 1).

8 2. Kahan & Lessin, Co., Landstrom Distributors, Inc.,
9 Nature's Best, Inc. and Tree of Life West, Inc. maintain offices
10 and/or warehouses, transact business and are found within the
11 Central District of California.

12 II
13 DEFENDANTS

14 3. The corporations named below are made defendants in
15 this complaint. Each of them is organized and exists under the
16 laws of California and has its principal place of business in
17 the city and state indicated. During all or part of the time
18 covered by this complaint, each of the defendant corporations
19 were distributors:

<u>Name of Corporation</u>	<u>State of Incorporation</u>	<u>Principal Place of Business</u>
Kahan & Lessin Co.	California	Compton, California
Landstrom Distributors, Inc.	California	South San Francisco, California
Nature's Best, Inc.	California	Torrance, California
Tree of Life West, Inc.	California	Sun Valley, California

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26 4. Whenever in this complaint reference is made to any act,
27 deed, or transaction of any defendant, such allegation shall be

1 deemed to mean that it engaged in such act, deed, or transaction
2 by or through its officers, directors, agents, employees, or
3 representatives while they were actively engaged in the manage-
4 ment, direction, control, or transaction of its business or affairs.

5 III

6 CO-CONSPIRATORS

7 5. Various firms and individuals, not made defendants
8 herein, participated as co-conspirators in the offense charged
9 herein and performed acts and made statements in furtherance
10 thereof.

11 IV

12 TRADE AND COMMERCE

13 6. Natural foods, vitamins and cosmetics are sold and
14 shipped to health food retail stores and other customers by
15 health food distributors who are also referred to as jobbers or
16 wholesalers. Health food distributors purchase natural foods,
17 vitamins, and cosmetics from manufacturers and other suppliers.
18 The health food distributors named as defendants in this complaint
19 had sales in 1978 in excess of \$50 million.

20 7. During all or part of the time period covered by this
21 complaint, each of the corporations named as defendants was a
22 member of National Nutritional Foods Association ("NNFA"). NNFA
23 is a trade association serving the health food industry. NNFA
24 holds annual conventions and it, or its regional affiliates,
25 sponsor regional trade shows. At the NNFA convention, and at
26 regional trade shows, distributors frequently maintain booths or
27 exhibits at which they solicit and accept orders from customers.

1 "Convention specials" refers to discounts offered to customers
2 by distributors in connection with the NNFA convention or in
3 connection with regional trade shows in which the discounts
4 originate with the manufacturers or suppliers and are passed
5 along by the distributors. "Trade show discounts" refers to
6 discounts offered to customers by distributors at the NNFA con-
7 vention or at regional trade shows in which the discounts
8 originate with the distributors.

9 8. During the time period covered by this complaint, there
10 was a substantial, continuous, uninterrupted flow in interstate
11 commerce of natural foods, vitamins, and cosmetics from manu-
12 facturers and other suppliers across state lines to defendants'
13 warehouses. During the time period covered by this complaint,
14 defendants also shipped substantial quantities of natural foods,
15 vitamins, and cosmetics in a continuous and uninterrupted flow
16 of interstate commerce from their warehouses across state lines
17 to customers located in other states. The activities of the
18 defendants and co-conspirators in carrying out the offense charged
19 in this complaint were within the flow of interstate commerce
20 and substantially affected interstate commerce.

21 V

22 VIOLATION ALLEGED

23 9. Beginning at least as early as October 1974, and contin-
24 uing thereafter until at least October 1978, the exact dates being
25 unknown to the plaintiff, in the Central District of California
26 and elsewhere:

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1 Kahan & Lessin Co.;
2 Landstrom Distributors, Inc.;
3 Nature's Best, Inc.; and
4 Tree of Life West, Inc.,
5 defendants herein, and co-conspirators, engaged in a continuing
6 combination and conspiracy to suppress and eliminate competition
7 in the wholesale distribution of natural foods, vitamins, and
8 cosmetics in unreasonable restraint of the above-described trade
9 and commerce in violation of Section 1 of the Sherman Act, 15
10 U.S.C. § 1.

11 10. The aforesaid combination and conspiracy consisted of
12 an agreement, understanding, and concert of action among the
13 defendants and co-conspirators, the substantial terms of which
14 were to fix, maintain and stabilize the prices and terms and
15 conditions of sale of natural foods, vitamins and cosmetics.

16 11. For the purpose of forming and effectuating the afore-
17 said conspiracy, the defendants and co-conspirators did those
18 things which, as hereinbefore charged, they combined and conspired
19 to do, including among other things:

20 (a) Discussing prices and terms and conditions
21 of sale of natural foods, vitamins and cosmetics;

22 (b) Eliminating trade show discounts offered by
23 distributors at the NNFA convention and at regional
24 trade shows;

25 (c) Limiting the time period during which
26 distributors offered convention specials to customers;

27 (d) Preventing manufacturers and other suppliers
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1 from selling directly to retail stores;

2 (e) Eliminating and restricting discounts
3 offered by distributors based upon the dollar
4 volume of purchases by customers;

5 (f) Maintaining the wholesale list price of
6 certain products so as to provide a 25% gross
7 margin to distributors;

8 (g) Standardizing various terms and conditions
9 of sale to customers; and

10 (h) Communicating with one another as to
11 agreements reached at prior meetings in order to
12 ensure compliance with the agreements.

13 VI

14 EFFECTS

15 12. The aforesaid combination and conspiracy charged herein
16 has had the following effects, among others:

17 (a) Prices paid for natural foods, vitamins,
18 and cosmetics by customers of the defendants
19 have been fixed, stabilized and maintained at
20 artificial and non-competitive levels;

21 (b) Competition in terms and conditions of
22 sale of natural foods, vitamins, and cosmetics has
23 been restrained and suppressed; and

24 (c) Customers of the defendants have been
25 denied the benefits of free and open competition
26 in the market for natural foods, vitamins, and
27 cosmetics.

VII

PRAYER FOR RELIEF

WHEREFORE, the plaintiff prays:

1. That the Court adjudge and decree that the defendants have combined and conspired to restrain interstate trade and commerce in violation of Section 1 of the Sherman Act;

2. That each defendant, its officers, directors, agents, employees and successors and all other persons acting or claiming to act on behalf of any defendant be enjoined and restrained from, in any manner, directly or indirectly, continuing, maintaining, or renewing the combination and conspiracy hereinbefore alleged, or from engaging in any other combination, conspiracy, contract, agreement, understanding, or concert of action having a similar purpose or effect, and from adopting or following any practice, plan, program, or device having a similar purpose or effect;

3. That each defendant be required to notify each manufacturer with which it transacts business of the substance of the terms of any final judgment herein;


4. That each defendant be required annually, for 10 years from the date of entry of any final judgment herein, to notify each of its officers and employees involved in determining prices or terms and conditions of sale of the obligations imposed on each of them by any final judgment herein;


5. That each defendant be required for a period of 10 years from the date of entry of any final judgment herein to annually inform plaintiff of actions taken to ensure compliance with any final judgment herein;

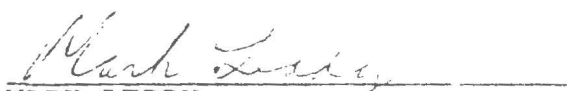
1 6. That each defendant be required to maintain for 10 years
2 from the date of entry of any final judgment herein memoranda
3 of all oral communications with any other distributor and copies
4 of all correspondence with any other distributor, exclusive of
5 invoices and bills of lading;

6 7. That the plaintiff have such other and further relief
7 as the Court may deem just and proper;


8 8. That the plaintiff recover the costs of this suit.

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