

Trade Regulation Reporter - Trade Cases (1932 - 1992), United States of America v. Connecticut Food Council, Incorporated Great Atlantic & Pacific Tea Company, First National Stores, Inc., Roberts, Steele and Dolan Company, Incorporated, Naugatuck Valley Wholesale Grocery Company, William Shore, Incorporated, John F. Reardon, John L. MacNeil, Chester D. Williams, Herman J. Dolan, Thomas A. O'Dea, William Shore, Alexander C. Schwartz, and Douglas C. MacKeachie., U.S. District Court, D. Connecticut, 1940-1943 Trade Cases ¶56,167, (Nov. 5, 1941)

[Click to open document in a browser](#)

United States of America v. Connecticut Food Council, Incorporated Great Atlantic & Pacific Tea Company, First National Stores, Inc., Roberts, Steele and Dolan Company, Incorporated, Naugatuck Valley Wholesale Grocery Company, William Shore, Incorporated, John F. Reardon, John L. MacNeil, Chester D. Williams, Herman J. Dolan, Thomas A. O'Dea, William Shore, Alexander C. Schwartz, and Douglas C. MacKeachie.

1940-1943 Trade Cases ¶56,167. U.S. District Court, D. Connecticut, November 5, 1941.

Upon consent of all parties, a decree is entered in proceedings under the Sherman Anti-Trust Act, restraining the defendants from combining and conspiring to fix the prices of grocery products which are denned to include fresh fruits and vegetables, dairy, meat and bakery products. Among the activities enjoined are price fixing; issuing price lists; disseminating information regarding price policies and proposed prices; discouraging price competition; publishing false representations with respect to the Connecticut Unfair Sales Practices Act; enforcing its provisions through threats of litigation or other coercive activity; and lending financial support to private organizations for the purpose of enforcing or administering the state laws which restrict sales below cost.

Thurman Arnold, Assistant Attorney General, John N. Cole, H. Donald Leatherwood and Franklin C. Baugh, Special Attorneys, all of Washington, D. C, for plaintiff.

A. A. Ribicoff, Hartford, Conn., Brickley, Sears & Cole, Oliver R. Waite, Boston, Mass., Jeremiah W. Mahoney and Daniel J. Lyne, Boston, Mass., Pullman and Comley, by Raymond E. Baldwin, Bridgeport, Conn., George M. Hyman, Hartford, Conn., D. A. Brickley, Boston, Mass., Willis, Foster and Lister, Bridgeport, Conn., and George H. Cohen, Hartford, Conn., for defendants.

Before Hincks, District Judge.

Final Judgment

The complainant, United States of America, having filed its complaint herein on November 3, 1941; all the defendants having appeared and severally filed their answers to such complaint denying the substantive allegations thereof; all parties hereto by their respective attorneys herein having severally consented to the entry of this final decree herein without trial or adjudication of any issue of fact or law herein and without admission by any party in respect of any such issue; and the defendants having moved the Court for this decree;

Now, THEREFORE, before any testimony has been taken herein, and without trial or adjudication of any issue of fact or law herein, and upon consent of all parties hereto, it is hereby

ORDERED, ADJUDGED, AND DECREED as follows:

I

[*Jurisdiction*]

That the Court has jurisdiction of the subject matter and of all the parties hereto; that the complaint states a cause of action against the defendants under the Act of Congress of July 2, 1890 entitled "An Act to Protect Trade and Commerce Against Unlawful Restraints and Monopolies" and the acts amendatory thereof and supplemental thereto.

II

[*Definitions*]

The following terms, as used herein, shall have the respective meanings hereinafter set forth, viz.:

The term "grocery products" shall mean all grocery products, including fresh fruits and vegetables, dairy products, meats and bakery products, which are usually and customarily sold in retail grocery stores.

The term "Unfair Sales Practices Act" shall mean Chapter 138B, Sections 922(e) to 924(e) inclusive, of the 1939 Supplement to the Connecticut General Statutes.

The term "wholesaler" shall mean any person, partnership, corporation or association engaged in the purchase of products from producers or manufacturers for resale to retail grocers. The term "retailer" or "retail grocer" shall mean any person, partnership, corporation or association operating one or more stores for the sale and distribution of grocery products to the consuming public.

The term "retailer owned wholesale group" shall mean any partnership, corporation or association of independently owned retail grocers owning a warehouse and engaging in cooperative buying and advertising activities.

The term "wholesale sponsored voluntary chain" shall mean any association of independently owned retailers and a wholesaler by virtue of which the wholesaler and the independently owned retailers engage in cooperative advertising activities.

III

[*Activities Enjoined*]

Each of the defendants, their successors, subsidiaries, officers and employees, or any of them, be, and they hereby are, enjoined and restrained from agreeing, combining or conspiring among themselves, or with others, to do, or attempt to do, the following things, or any of them:

[*Price Fixing*]

1. Raise, fix, maintain or adhere to wholesale or retail prices or minimum wholesale or retail prices of grocery products; except as provided in Section I of Chapter I, Title 15, United States Code, Annotated, As Amended August 17, 1937, C. 690, Title VIII, 50 Stat. 693.

[*Coercion*]

2. Force, coerce, whether through threat of litigation or otherwise, or persuade any wholesaler or retailer to sell or to refrain from selling grocery products at any specified prices:

[*Specifying Minimum Prices*]

3. Suggest or specify to wholesalers or retailers the minimum prices allowed by the Un fair Sales Practices Act;

[*Issuing Price Lists*]

4. Issue any suggested price list;

[*Disseminating Information*]

5. Collect and disseminate any information concerning proposed price policies or proposed prices;

[*Computing Uniform Costs*]

6. Compute an average, normal or uniform cost of merchandise, cost of doing business, or mark-up to cover cost of doing business or establish standards or methods for such computation;

[*Discouraging Price Competition*]

7. Publish material or literature discouraging price competition;

[*Publishing False Representations of Law*]

8. Publish any material or literature concerning the Unfair Sales Practices Act which falsely represents the purposes or provisions of said Act;

[*Enforcing State Law Through Threats of Litigation*]

9. Enforce the Unfair Sales Practices Act through threat of litigation or other coercive activity, or through hearings or trials other than those instituted in the Courts of the State of the injured party, or through attempts to encourage litigation or by determining when an advertisement, offer to sell or sale by a competitor is made with intent to injure competitors, or to destroy competition, or is a sale below cost, or by any other means or method.

IV

[*Other Activities Prohibited*]

Each of the defendants, their successors, subsidiaries, officers and employees, or any of them, be, and they hereby are, enjoined and restrained from doing or attempting to do the following things, or any of them:

[*Issuing Price Lists*]

1. Issue to any competitor, including wholesalers and retailers, any suggested price list;
2. Issue to any wholesaler or retailer any suggested price list for any goods which were not supplied by the defendant;

[*Coercing Agreements by Threat of Litigation*]

3. Force or coerce any wholesaler or retailer, whether through threat of litigation or otherwise, or attempt to gain an agreement from any wholesaler or retailer, to sell or refrain from selling grocery products at specified prices;

[*Reporting Violations of State Law*]

4. Report to any person the name of any wholesaler or retailer who is believed to have violated the Unfair Sales Practices Act, other than for the sole purpose of having such person institute in behalf of the reporter and in his name such legal proceedings as are authorized under the Unfair Sales Practices Act.

[*Supporting Private Enforcement of State Law*]

5. Support, maintain or encourage any private organization, or any person, other than the appropriate government official, if such organization or person attempts to enforce the Unfair Sales Practices Act through threat of litigation or other coercive activity, or through hearings or trials other than those instituted in the Courts of the State, or through encouragement of litigation, or by determining when an advertisement, offer to sell or sale by a competitor is made with intent to injure competitors or to destroy competition, or is a sale below cost, or by any other means or method.

[*Collecting Information*]

6. Collect, disseminate, or report to any private agency, any information designed to assist any activity prohibited in Section III, Paragraph 9.

[*Misrepresenting Provisions of State Law*]

7. Publish any material or literature concerning the Unfair Sales Practices Act which falsely represents the purposes or provisions of said Act for the purpose of inducing the fixation or maintenance of retail or wholesale prices or of minimum retail or wholesale prices, including, among others, representations—

- (a) that the Act prohibits sales below cost even where there is no intent to injure competitors or destroy competition; and that the provision which makes a sale below cost prima facie evidence of intent does more than shift the burden of proof as to intent;
- (b) that the Act establishes a uniform minimum price for all competitors;
- (c) that a seller must add to the cost of merchandise the mark-ups specified in the Act, even though his own costs of doing business are less than the amount of such mark-ups;
- (d) that the seller must, after a stipulated time, add his mark-ups to the replacement cost of merchandise, even though his invoice cost is lower;
- (e) that the seller may not base his prices upon invoice cost if his purchase was made outside the state, or that he must use only the invoice cost of merchandise bought within the state in establishing his minimum prices;
- (f) that under the Act it is necessary for increases in prices charged by manufacturers or wholesalers to be reflected in the minimum prices of wholesalers or retailers upon a designated date, or after a designated interval of time.
- (g) that a seller is permitted to sell below cost to meet competition if the lower price quoted by a competitor is itself in accord with the Act, but not if such lower price is in violation of the Act;
- (h) that advertising allowances received by sellers or other concessions which reduce the net cost of merchandise may not be taken into account in computing minimum prices.

[*Supplying Price Proposals*]

8. Supply to any private association or group of wholesalers or retailers of grocery products, any information concerning proposed price policies or proposed prices;

[*Financial Aid to Private Organizations*]

9. Make any payment or contribution of money to any private organization if such payment or contribution is to be used to conduct private inquiries as to the violation of, police, enforce, or administer state laws which restrict sales below cost.

V

[*Dissolution of Council*]

Each of the defendants, their successors, subsidiaries, officers and employees, or any of them, are hereby ordered to take such steps as are necessary to dissolve and liquidate defendant Connecticut Food Council, Incorporated.

VI

[*Activities Excepted*]

Nothing contained herein shall be deemed to affect activities which otherwise are lawful within a wholesale-sponsored voluntary chain or within a retailer-owned wholesale group; and nothing in this decree shall be deemed to prohibit a defendant wholesale-sponsored voluntary chain or a defendant retailer-owned wholesale group from engaging in such cooperative advertising activities as may be otherwise lawful. This provision shall not be deemed to pass upon the legality of the activities of wholesale-sponsored voluntary chains or retailer-owned wholesale groups, nor upon the legality of cooperative advertising.

VII

[*Examination of Records Permitted to Secure Compliance*]

For the purpose of securing compliance with this decree, and for no other purpose, duly authorized representatives of the Department of Justice shall, on written request of the Attorney General or an Assistant Attorney General and on reasonable notice to the defendants made to the principal offices of the defendants, be permitted, subject to any legally recognized privilege, (1) access, during the office hours of the defendants, to all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of the defendants, relating to any matters contained in the decree; (2) subject to the reasonable convenience of the defendants and without restraint or interference from them, to interview officers or employees of the defendants, who may have counsel present, regarding any such matters, and (3) the defendants,, on such request, shall submit such reports in respect of any such matters as may from time to time be reasonably necessary for the proper enforcement of this decree; *provided, however*, that information obtained by the means per-mitted in this paragraph shall not be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of the Department of Justice except in the course of legal proceedings for the purpose of securing compliance with this decree in which the United States is a party or as otherwise required by law.

VIII

[*Retention of Jurisdiction*]

Jurisdiction of this cause is retained for the purpose of enabling any of the parties to this decree to apply to the Court at any time for such further orders and directions as may be necessary or appropriate for the construction or carrying out of this decree, for the modification or termination of any of the provisions hereof, for the enforcement of compliance herewith, and for the punishment of violations hereof.

The above decree is entered without implication by the Court that in the absence of consent by the defendants the underlying facts legally warrant judicial restraint of all the activities enjoined by the decree.