

IN THE CIRCUIT COURT OF THE UNITED STATES FOR (1)
THE EASTERN DISTRICT OF PENNSYLVANIA.

IN EQUITY.

April Sessions, 1892. No. 38.

Between

THE UNITED STATES OF AMERICA,

Complainant,

and

E. C. KNIGHT COMPANY, Spreckels' Sugar Refining Company, Franklin Sugar Refining Company, Delaware Sugar House, all of which said defendants are corporations incorporated under the laws of Pennsylvania, and having their principal places of Business in the city of Philadelphia, in the said State; Edward C. Knight, Edward C. Knight, Jr., Thomas Cochran, Frederick D. Langenheim, Richard E. Clay, George Franklin Davis, Edward Browning, C. A. Spreckles, Louis Spreckles, Peter A. Smith, Charles Watson, Charles C. Harrison, William W. Frazier, Alfred C. Harrison, William H. Harrison, George H. Frazier, J. Vaughn Merrick, W. H. Merrick, John E. Cope, John Birkbeck, citizens of the State of Pennsylvania; Claus Spreckels, a citizen of the State of California; The American Sugar Refining Company, a corporation created under the laws of New Jersey, and having its principal place of business in the city of Jersey City, in the said State; and John E. Searles, Jr., a citizen of the State of New York.

Defendants.

UNITED STATES OF AMERICA,
EASTERN DISTRICT OF PENNSYLVANIA. } 88.

Pleas and Proceedings before the Honorable the Judges of the Circuit Court of the United States in and for the Eastern District of Pennsylvania, in the Third Circuit of April Sessions, 1892. No. 38.

It is thus contained:

Be it remembered, that on the 2d day of May, A. D. 1892, the United States of America, by its Solicitors, Robert Ralston, Esquire, and Ellery P. Ingham, Esquire, come into our Court here and file its bill of complaint against E. C. Knight Company, *et al.*, which being read, is in the following words and figures, to wit.:

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E. C. KNIGHT COMPANY, Spreckels' Sugar Refining Company, Franklin Sugar Refining Company, Delaware Sugar House, all of which said defendants are a corporation incorporated under the laws of Pennsylvania, and having their principal places of business in the city of Philadelphia, in the said State; Edward C. Knight, Edward C. Knight, Jr., Thomas Cochran, Frederick D. Langenheim, Richard E. Clay, George Franklin Davis, Edward Browning, C. A. Spreckels, Louis Spreckels, Peter A. Smith, Charles Watson, Charles C. Harrison, William W. Frazier, Alfred C. Harrison, William H. Harrison, George H. Frazier, J. Vaughn Merrick, W. H. Merrick, John E. Cope, John Birkbeck, citizens of the State of Pennsylvania; Claus Spreckels, a citizen of the State of California; The American Sugar Refining Company, a corporation created under the laws of New Jersey, and having its principal place of business in the city of Jersey City, in the said State; and John E. Searles, Jr., a citizen of the State of New York,

Defendants.

(4) *To the Honorable the Judges of the said Court:*

The United States of America, by Ellery P. Ingham, Esq., its attorney, brings this, its bill of complaint, and comes and respectfully represents:

1. That he is the United States Attorney for the Eastern District of Pennsylvania, and that, he is informed and believes, that defendants herein named have violated the provisions of an Act of Congress approved July 2d, 1890, chapter 647 (26 Stat. at Large, 209), entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," providing that every contract combination in the form of trust or otherwise, or conspiracy in restraint of trade and commerce among the several States is illegal, and that persons who shall monopolize or attempt to monopolize, or combine or conspire with other persons to

monopolize trade or commerce among the several States shall be guilty of a misdemeanor; that the Circuit Courts of the United States have jurisdiction to prevent and restrain violations of the said Act. It is further averred that your orator upon the 11th day of April, 1892, received instructions from the Attorney-General to institute these proceedings in equity to prevent and restrain the violation of the said Act as hereinafter set out.

2. Your orator is informed, avers and believes that the above-named defendants, Edward C. Knight, Edward C. Knight, Jr., Thomas Cochran, Frederick D. Langenheim, Richard E. Clay, George Franklin Davis, Edward Browning, C. A. Spreckels, Louis Spreckels, Peter A. Smith, Charles Watson, Charles C. Harrison, William W. Frazier, Alfred C. Harrison, William H. Harrison, George H. Frazier, J. Vaughn Merrick, W. H. Merrick, John E. Cope, and John Birkbeck, are citizens of the the city of Philadelphia, in the State of Pennsylvania, and that the above-named defendant, Claus Spreckels, is a citizen of the State of California.

3. Your orator is informed, avers and believes that the above-named defendant, the American Sugar Refining Company, is a corporation incorporated under and by virtue of | the provisions of the Act of the (5) Legislature of New Jersey, entitled "An Act concerning corporations," approved April 7th, 1875, and the several supplements thereto and amendatory thereof. That its certificate of incorporation filed on or about 9th January, 1891, declares its name to be The American Sugar Refining Company. That the place in New Jersey where its business is to be conducted is Jersey City, in the County of Hudson, in which the principal part of its business in said State is to be transacted. That the principal place of business out of the said State is to be in the city of Brooklyn, county of Kings, in the State of New York. That the States of Maine, Massachusetts, Connecticut, New York, Pennsylvania, Louisiana, Missouri, California and Maryland are the other States in the United States in which it proposes to carry on operations; and that the objects for which said company is formed are the purchase, manufacture, refining and sale of sugar, molasses and melads, and all lawful business incidental thereto. That the business which is to be carried on out of the said State, is a part of the purchase, manufacture, refining and sale of sugar, molasses and melads, and all the lawful business incidental thereto. That the total amount of the capital stock of said company is \$500,000,000, divided into five hundred thousand shares of the par value of \$100 dollars each, one-half general and one-half preferred.

4. It is further averred that the E. C. Knight Company is a corporation incorporated under an Act of the General Assembly of the Commonwealth of Pennsylvania, entitled "An Act to provide for the incorporation and regulation of certain corporations," approved April 29th, 1874, and the supplements thereto. That its certificate of incorporation, filed on or about August 15th, 1884, declares its name to be E. C. Knight Company; that it is formed for the purpose of importing, manufacturing, refining and dealing in sugars and molasses, and that its busi-

ness is to be transacted in the City of Philadelphia; that the amount of its capital stock is \$800,000, divided into eight thousand shares of the par value of \$100.

- (6) 5. It is further averred that the said defendant, the Franklin Sugar Refining Company, is a corporation incorporated under an Act of the General Assembly of the Commonwealth of Pennsylvania, entitled "An Act to provide for the incorporation and regulation of certain corporations," approved April 29th, 1874, and the several supplements thereto. That its certificate of incorporation filed on or about February 12th, 1890, declares its name to be the Franklin Sugar Refining Company; that it is formed for the purpose of the manufacture of sugar and the purchase of raw material for that purpose; that its business is to be transacted in the City of Philadelphia; that the amount of its capital stock is \$5,000,000, divided into fifty thousand shares of the par value of \$100.

6. It is further averred that the said defendant, Spreckels' Sugar Refining Company, is a corporation incorporated under an Act of the General Assembly of the Commonwealth of Pennsylvania, entitled "An Act to provide for the incorporation and regulation of certain corporations," approved 29th April, 1874, and the supplements thereto. That its certificate of incorporation, filed on or about June 9th, 1890, declares its name to be Spreckels' Sugar Refining Company; that it is formed for the purpose of refining sugar, which will involve the buying the raw material therefor and selling the manufactured product, and of doing whatever else shall be incidental to the said business of refining; that its business is to be transacted in Philadelphia; that the amount of its capital stock is \$5,000,000, divided into fifty thousand shares of the par value of \$100.

7. It is further averred that the said defendant, the Delaware Sugar House, is a corporation incorporated by letters patent issued by the Governor of the Commonwealth of Pennsylvania under and by virtue of an Act of the General Assembly of the Commonwealth of Pennsylvania, approved 29th April, 1864, entitled "Supplement to an Act relating to corporations for mechanical, manufacturing, mining and quarrying purposes, approved 18th July, 1863," under which the Governor of the Commonwealth of Pennsylvania was authorized | and required to issue letters patent to all companies formed under the provisions of an Act entitled "An Act relating to corporations for mechanical manufacturing, mining and quarrying purposes," approved 18th July, 1863. That its certificate of incorporation, upon which the said letters patent were issued, filed on or about October 19th, 1868, declares its name to be the Delaware Sugar House; that it is formed for the purpose of the manufacture of sugar and syrups and preparing the same for market, and the transaction of such work or business as may be necessary or proper for the proper management of the business of manufacture; that the amount of its capital stock is fixed at \$96,000, divided into ninety-six shares of the par value of \$1000 each.

8. Your orator is informed, avers and believes that the said defendants, E. C. Knight Company, Spreckels' Sugar Refining Company, Franklin

Sugar Refining Company and the Delaware Sugar House, all and each of them were from the time of their incorporation until on or about March 4th, 1892, independently engaged in the manufacture and sale of refined sugar. That the product of their refineries amounted to thirty-three per cent. of the total amount of sugar refined in the United States. That they were competitors with the said American Sugar Refining Company and with one another in the said business of refining sugar, and that the products of their several refineries were sold and distributed among the several States of the United States, and that all the said companies were engaged in trade or commerce with the several States and with foreign nations.

The said defendant, the American Sugar Refining Company, as appears by its certificate of incorporation heretofore referred to, was formed for the purpose of doing business in the states of New Jersey, Maine, Missouri, Connecticut, New York, Pennsylvania, Louisiana, Maryland, California and Massachusetts. The said company, by means of various contracts and agreements had on and prior to 4th March, 1892, obtained the control of all the sugar refineries in the States of New Jersey, New York, Massachusetts, Maryland, Missouri, Louisiana and California; (8) and with the exception of the Revere Sugar Refinery, of Boston, Mass., and the refineries belonging to the said four defendants in Philadelphia, owned or controlled all the sugar refineries in the United States. The said Revere Sugar Refinery, of Boston, produced annually about two per cent. of the total amount of sugar refined in the United States. The said four defendants produced annually about thirty-three per cent. of the total amount of sugar refined in the United States. In order that the said defendant, the American Sugar Refining Company, might obtain complete control of the production and price of refined sugar in the United States, they, the said American Sugar Refining Company and John E. Searles, Jr., entered into an unlawful and fraudulent scheme to purchase the stock, machinery and real estate of the said defendants, by which they attempted to obtain the control of all the sugar refineries in this district for the purpose of restraining the trade thereof with other States as theretofore carried on independently by the said defendants.

In pursuance of this said unlawful and fraudulent scheme the said defendant, John E. Searles, Jr., on or about March 4th, 1892, entered into a contract with the said defendants, Edward C. Knight, Edward C. Knight, Jr., Thomas Cochran, Frederick D. Langenheim, Richard E. Clay, George Franklin Davis, Edward Browning, and E. C. Knight Company, by which it was agreed that the said John E. Searles, Jr., in consideration of the delivery by him of \$2,050,000 of the stock of said The American Sugar Refining Company—one-half of the said stock preferred and one-half common—to the said defendants, should have the right to demand of the said defendants the delivery to him of all the stock of the said E. C. Knight Company, or in lieu thereof the refinery, machinery, real estate, &c., belonging to the said E. C. Knight Company; and in pursuance of the said contract the said defendants delivered to the said John E. Searles, Jr., 7,950 shares of the capital stock of the said E. C. Knight Company, and the said John E. Searles, Jr., delivered to the said

defendants a large number of the shares of the capital stock of the said American Sugar Refining Company, the amount thereof being to your orator unknown.

- (9) And as part of the said fraudulent and unlawful scheme, the said defendant, John E. Searles, Jr., on or about March 4, 1892, entered into a contract with the said defendants, Claus Spreckels, C. A. Spreckels, Louis Spreckels, Peter A. Smith, Charles Watson, and Spreckels' Sugar Refining Company, by which it was agreed that the said defendant, John E. Searles, Jr., in consideration of the delivery by him to the said defendants of a large amount of the capital stock of the American Sugar Refining Company, which said amount is unknown to your orator, should have the right to demand of the said defendants the delivery to him of all the stock of the said Spreckels' Sugar Refining Company, or in lieu thereof the refinery, machinery, real estate, etc., belonging to the said company. And thereafter, in pursuance of the said unlawful and fraudulent contract, the said defendants did deliver all the stock of the said Spreckels' Sugar Refining Company to the said John E. Searles, Jr., and the said John E. Searles, Jr. did deliver to the said defendants a large amount of the capital stock of the American Sugar Refining Company, which amount is to your orator unknown.

And as part of the said fraudulent and unlawful scheme, the said defendant, John E. Searles, Jr., on or about March 4, 1892, entered into a contract with the said defendants, Charles C. Harrison, William W. Frazier, Alfred C. Harrison, William H. Harrison, George H. Frazier and the Franklin Sugar Refining Company, by which it was agreed that the said defendant, John E. Searles, Jr., in consideration of the delivery by him to the said defendants of a large amount of the capital stock of the American Sugar Refining Company, which said amount is unknown to your orator, should have the right to demand of the said defendants the delivery to him of all the stock of the said Franklin Sugar Refining Company, or in lieu thereof the refinery, machinery, real estate, etc., belonging to the said company. And thereafter, in pursuance of the said unlawful and fraudulent contract, the said defendants did deliver all the stock of the said Franklin Sugar Refining

- (10) Company to the said John E. Searles, Jr., and the said John E. Searles, Jr., did deliver to the said defendants a large amount of the capital stock of the American Sugar Refining Company, which amount is to your orator unknown.

And as part of the said fraudulent and unlawful scheme, the said defendant, John E. Searles, Jr., on or about March 4, 1892, entered into a contract with the said defendants, J. Vaughn Merrick, W. H. Merrick, John E. Cope, John Birkbeck and the Delaware Sugar House, by which it was agreed that the said defendant, John E. Searles, Jr., in consideration of the delivery by him to the said defendants of a large amount of the capital stock of the American Sugar Refining Company, which said amount is unknown to your orator, should have the right to demand of the said defendants the delivery to him of all the stock of the said Delaware Sugar House, or in lieu thereof the refinery, machinery, real estate, etc., belonging to the said company. And thereafter, in

pursuance of the said unlawful and fraudulent contract, the said defendants did deliver all the stock of the said Delaware Sugar House to the said John E. Searles, Jr., and the said John E. Searles, Jr., did deliver to the said defendants a large amount of the capital stock of the American Sugar Refining Company, which amount is to your orator unknown.

9. Your orator is informed, avers and believes that in the carrying out of the said unlawful and fraudulent scheme and in the making of the said contracts the said defendant, John E. Searles, Jr., was acting for and in behalf of the said defendant, the American Sugar Refining Company, and that the said American Sugar Refining Company was the real party to the said contracts and received all the benefit of the same and paid the consideration thereof, and that the said contracts were made by the said American Sugar Refining Company and the other parties defendant herein named for the purpose of enabling it, the said American Sugar Refining Company, to control the manufacture and price of sugar in this district and to limit the production and enhance the price of the same and to restrain the trade in the said commodity by and between the State of Pennsylvania and the other States of the United States and with foreign nations. (11)

10. And your orator is informed, avers and believes that the said defendant, the American Sugar Refining Company, monopolizes the manufacture and sale of refined sugar in the United States, and is enabled to control at will the price of the said sugar, and does control and regulate the price of refined sugar in the United States; that it has limited the production and increased the price of said sugar, and to that end has stopped and dismantled many refineries throughout the United States. That the said contracts heretofore referred to were part and parcel of a fraudulent and unlawful scheme to enable the said company to obtain the control of the production and price of refined sugar, and were combinations in restraint of trade, and that in making said contracts the said John E. Searles, Jr., and the said American Sugar Refining Company combined and conspired with the said defendants, E. C. Knight Company, Spreckels' Sugar Refining Company, Franklin Sugar Refining Company, Delaware Sugar House, Edward C. Knight, Edward C. Knight, Jr., Thomas Cochran, Frederick D. Langenheim, Richard E. Clay, George Franklin Davis, Edward Browning, C. A. Spreckels, Louis Spreckels, Peter A. Smith, Charles Watson, Charles C. Harrison, William W. Frazier, Alfred C. Harrison, William H. Harrison, George H. Frazier, J. Vaughn Merrick, W. H. Merrick, John E. Cope, John Birkbeck and Claus Spreckels, to restrain the trade and commerce in refined sugar among the several States and with foreign nations. And that the said contracts so made and entered into as aforesaid by all of the defendants herein named were made with the intent to enable the said, The American Sugar Refining Company, to monopolize the manufacture and sale of refined sugar in Pennsylvania and among the several States of the United States; to increase the usual rate and prices at which refined sugar is sold; to prevent and counteract the effect of free competition at the prices of the same, and thereby to exact and procure

(12) large sums of money | from the citizens of Pennsylvania and from the citizens of the several States of the United States and from all others purchasing; and that the said contracts so made and entered into as aforesaid are unlawful and contrary to the said Act.

To the end therefore that your orator may obtain the equitable relief necessary and contemplated under the provisions of the said Act approved July 2d, 1890, and that an injunction be granted to enjoin and prohibit the said defendants from the violations of the said Act and that the said defendants may make full answer under oath to all the allegations herein, may it please your Honors to grant your orator a writ of subpoena to be directed to each of the said defendants, E. C. Knight Company, Spreckels' Sugar Refining Company, Franklin Sugar Refining Company, Delaware Sugar House, Edward C. Knight, Edward C. Knight, Jr., Thomas Cochran, Frederick D. Langenheim, Richard E. Clay, George Franklin Davis, Edward Browning, C. A. Spreckels, Louis Spreckels, Peter A. Smith, Charles Watson, Charles C. Harrison, William W. Frazier, Alfred C. Harrison, William H. Harrison, George H. Frazier, J. Vaughn Merrick, W. H. Merrick, John E. Cope, John Birkbeck, Claus Spreckels, the American Sugar Refining Company, and John E. Searles, Jr., commanding them to be and to appear before this Honorable Court and then and there full, true, direct and perfect answer make to all and singular the premises.

And your orator prays especially :—

1. That all and each of the said unlawful agreements made and entered into by and between the said defendants, on or about the fourth day of March, 1892, shall be delivered up, cancelled, and declared to be void; (13) and that the said defendants, the American Sugar Refining Company and John E. Searles, Jr., be ordered to deliver to the other said defendants respectively the shares of stock received by them in performance of the said contracts; and that the other said defendants be ordered to deliver to the said defendants, the American Sugar Refining Company and John E. Searles, Jr., the shares of stock received by them respectively in performance of the said contracts.

2. That an injunction issue preliminary until the final determination of this cause, and perpetual thereafter, preventing and restraining the said defendants from the further performance of the terms and conditions of the said unlawful agreements.

3. That an injunction may issue preventing and restraining the said defendants from further and continued violations of the said Act of Congress, approved July 2d, 1890.

4. Such other and further relief as equity and justice may require in the premises.

And he will ever pray.

ELLERY P. INGHAM,

United States Attorney.

May 2d, 1892.

Ellery P. Ingham, being duly sworn according to law, doth depose and say that he is the person named in the foregoing bill of complaint, and that the facts therein stated are true as he is informed and believes.

ELLERY P. INGHAM.

Sworn to and subscribed before me, this second day of May, A. D., 1892.

SAMUEL BELL,
United States Commissioner.

ROBERT RALSTON,
Assistant United States Attorney.

ELLERY P. INGHAM,
*United States Attorney,
For Complainant.*

Endorsed.

(14)

No. 38. April Sessions, 1892. In the Circuit Court of the United States, for the Eastern District of Pennsylvania. In Equity. Between The United States of America, Complainant, and E. C. Knight Company, Spreckels' Sugar Refining Company, Franklin Sugar Refining Company, Delaware Sugar House, all of which said defendants are corporations incorporated under the laws of Pennsylvania, and having their principal places of business in the city of Philadelphia, in the said State; Edward C. Knight, Edward C. Knight, Jr., Thomas Cochran Frederick D. Langenbeim, Richard E. Clay, George Franklin Davis, Edward Browning, C. A. Spreckels, Louis Spreckels, Peter A. Smith, Charles Watson, Charles C. Harrison, William W. Frazier, Alfred C. Harrison, William H. Harrison, George H. Frazier, J. Vaughn Merrick, W. H. Merrick, John E. Cope, John Birkbeck, citizens of the State of Pennsylvania; Claus Spreckels, a citizen of the State of California; The American Sugar Refining Company, a corporation created under the laws of New Jersey, and having its principal place of business in the city of Jersey City, in the said State; and John E. Searles, Jr., a citizen of the State of New York, Defendants.

ROBERT RALSTON,
Assistant United States Attorney.

ELLERY P. INGHAM,
*United States Attorney,
For Complainant.*

Filed May 2d, 1892.