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8 Attorney for the Plaintiff

9 UNITED STATES DISTRICT COURT
10 SOUTHERN DISTRICT OF CALIFORNIA
11 CENTRAL DIVISION

12 UNITED STATES OF AMERICA,

13 Plaintiff,

14 v.

15 GENERAL MOTORS CORPORATION;
16 LOSOR CHEVROLET DEALERS
17 ASSOCIATION; DEALERS' SERVICE,
18 INC.; and FOOTHILL CHEVROLET
19 DEALERS ASSOCIATION,

20 Defendants.

Civil No. 62-1208

(15 U.S.C. §1)

Sherman Antitrust Act

Filed: 8/30/62

21 COMPLAINT

22 The United States of America, acting under the direction of the
23 Attorney General of the United States, brings this action against the
24 defendants named herein and complains and alleges as follows:

25 X

26 JURISDICTION AND VENUE

27 1. This complaint is filed and these proceedings are instituted
28 under Section 4 of the Act of Congress of July 2, 1890, c. 647, 26 Stat.
29 209 (15 U.S.C. §4), as amended, entitled "An Act to protect trade and
30 commerce against unlawful restraints and monopolies," commonly known as
31 the Sherman Act, in order to prevent and restrain continuing violations
32 by the defendants, as hereinafter alleged, of Section 1 of said Act
(15 U.S.C. §1).

1 whose membership consists of Chevrolet dealers in the city of Los
2 Angeles and adjacent communities in Los Angeles County, State of
3 California.

4 7. Foothill Chevrolet Dealers Association (hereinafter Foothill),
5 a California corporation, is hereby made a defendant herein. Foothill
6 is a trade association whose membership consists of Chevrolet dealers
7 in the northern and eastern portions of Los Angeles County, and in
8 Riverside and San Bernardino Counties, State of California.

9 8. Whenever in this Complaint reference is made to any act, deed,
10 or transaction of any corporate defendant, such allegations shall be
11 deemed to mean that the officers, directors, agents, employees, or
12 representatives of said corporate defendant, while engaged in the
13 management, direction, or control of its affairs, authorized, ordered,
14 or did such act, deed, or transaction for and on behalf of said
15 corporate defendant.

16 IV

17 CO-CONSPIRATORS

18 9. The officers, directors, and members of Losor, DSI, and
19 Foothill, certain officers and employees of such members, certain
20 officers and employees of General Motors, other Chevrolet dealers in
21 the Southern California area, and others to the plaintiff unknown,
22 have participated as co-conspirators in the combination and conspiracy
23 alleged herein and have done acts and made statements in furtherance
24 thereof.

25 V

26 NATURE OF TRADE AND COMMERCE

27 10. Component parts of Chevrolet automobiles are produced by or
28 for the Chevrolet Motor Division of General Motors in plants located
29 in various States of the United States. These parts are shipped to
30 various assembly plants throughout the United States, including an
31 assembly plant in the Southern California area, at Van Nuys, California,
32 and an assembly plant at Oakland, California. While most of the

1 Chevrolet automobiles shipped to Chevrolet dealers in the Southern
2 California area are assembled in the aforesaid plants in California,
3 a substantial number of Chevrolet automobiles are shipped to such
4 dealers from assembly plants located outside of California. All such
5 shipments of Chevrolet automobiles are made pursuant to orders placed
6 by such dealers (a) after they have received and accepted orders from
7 customers or (b) in anticipation of orders to be received and sales to
8 be made.

9 11. Thus, Chevrolet automobiles assembled at plants located out-
10 side of California move in interstate commerce from such plants through
11 Chevrolet dealers in the Southern California area to their purchasers,
12 and component parts and accessories produced in plants outside of
13 California move in interstate commerce from such plants through the
14 assembly plants at Van Nuys and Oakland to Chevrolet dealers in the
15 Southern California area and thence to their purchasers.

16 12. During the calendar year 1960, Chevrolet dealers in the
17 Southern California area sold Chevrolet automobiles having a retail
18 value of about \$250,000,000.

19 13. For many years Chevrolet dealers in the Southern California area
20 customarily performed all of the functions incident to the retail mer-
21 chandising of Chevrolet automobiles. However, beginning in or about
22 1953 and continuing to early 1961, certain Chevrolet dealers in the
23 Southern California area, including members of Losar, BSI, and Foothill,
24 entered into agreements or understandings with certain persons, firms,
25 and corporations, some commonly known as discount houses and others
26 as referral services, pursuant to which such discount houses and
27 referral services, acting as independent businessmen, performed many
28 of the merchandising functions theretofore performed by such Chevrolet
29 dealers.

30 14. In accordance with such agreements or understandings said
31 discount houses and referral services performed one or more of the
32 following merchandising functions:

1 (a) referred potential customers to Chevrolet dealers
2 who had agreed in advance to quote such customers prices
3 based on specified markups over the invoice costs of such
4 dealers;

5 (b) negotiated with prospective purchasers the terms
6 and conditions of sale of Chevrolet automobiles;

7 (c) appraised the trade-in value of and in some
8 instances purchased the used automobiles of purchasers
9 of Chevrolet automobiles;

10 (d) prepared purchase orders for and made deliveries
11 of Chevrolet automobiles to purchasers;

12 (e) secured financing for purchasers of Chevrolet
13 automobiles, in many instances at interest rates below
14 those offered by Chevrolet dealers in the Southern California
15 area.

16 15. During the aforesaid period, about 1953 to early 1961, the
17 number of discount houses and referral services in the Southern
18 California area increased rapidly. Correspondingly, the number of
19 Chevrolet automobiles sold by Chevrolet dealers in said area pursuant
20 to agreements or understandings with discount houses and referral
21 services increased substantially. While in 1953 only a few hundred
22 Chevrolet automobiles were sold in the Southern California area pursuant
23 to agreements or understandings between Chevrolet dealers and discount
24 houses and referral services, in 1960 the number had increased to over
25 2,000, having a retail value of approximately \$5,000,000. This increase
26 in sales of Chevrolet automobiles threatened to lower retail prices of
27 Chevrolet automobiles in the Southern California area.

28 VI

29 THE COMBINATION AND CONSPIRACY

30 16. Beginning in or about the summer of 1960, and continuing to
31 the date of the filing of this Complaint, the defendants and co-conspir-
32 ators have engaged in an unlawful combination and conspiracy to suppress

1 and eliminate competition in the sale and distribution of Chevrolet
2 automobiles in the Southern California area, in unreasonable restraint
3 of the hereinbefore described trade and commerce in Chevrolet automo-
4 biles in violation of Section 1 of the Act of Congress of July 2, 1890
5 (15 U.S.C. §1), commonly known as the Sherman Act.

6 17. The aforesaid combination and conspiracy has consisted of a
7 continuing agreement, understanding, and concert of action among the
8 defendants and co-conspirators, the substantial terms of which have
9 been:

10 (a) To suppress and restrain sales of Chevrolet
11 automobiles by Chevrolet dealers pursuant to agreements
12 or understandings with discount houses and referral services;

13 (b) To induce and persuade Chevrolet dealers to
14 refrain from selling Chevrolet automobiles pursuant to
15 agreements or understandings with discount houses and
16 referral services;

17 (c) To utilize "shoppers" for the purpose of identify-
18 ing Chevrolet dealers selling Chevrolet automobiles pursuant
19 to agreements or understandings with discount houses or
20 referral services;

21 (d) To induce and persuade Chevrolet dealers to repurchase
22 Chevrolet automobiles purchased by "shoppers" from such dealers.

23 18. During the period of time covered by this Complaint and
24 for the purpose of forming and effectuating the aforesaid combination
25 and conspiracy, the defendants and co-conspirators have done those
26 things which, as hereinbefore alleged, they combined and conspired to
27 do.

28 VIII

29 EFFECTS OF THE COMBINATION AND CONSPIRACY

30 19. The aforesaid combination and conspiracy has had, among other
31 things, the following effects:

32 (a) The right of Chevrolet dealers in the Southern

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California area to sell Chevrolet automobiles pursuant to agreements or understandings with discount houses and referral services has been restricted and eliminated;

(b) Competition in the sale and distribution of Chevrolet automobiles among Chevrolet dealers in the Southern California area has been suppressed;

(c) Purchasers of Chevrolet automobiles in the Southern California area have been deprived of the benefit of purchasing Chevrolet automobiles in a free and unrestricted competitive market;

(d) The right of discount houses and referral services to participate in the sale and distribution of Chevrolet automobiles in the Southern California area has been restricted and eliminated.

VIII
PRAYER

WHEREFORE, plaintiff prays:

1. That the Court adjudge and decree that the defendants, and each of them, have engaged in a combination and conspiracy in unreasonable restraint of the aforesaid trade and commerce in Chevrolet automobiles, as hereinbefore alleged, in violation of Section 1 of the Sherman Act.

2. That each of the defendants, its successors, assignees and transferees, and the respective officers, directors, agents, and employees thereof, and all persons acting or claiming to act on behalf thereof, be perpetually enjoined and restrained from continuing to carry out, directly or indirectly, the combination and conspiracy hereinbefore alleged, or from engaging in any other combination or conspiracy having a similar purpose or effect, or from adopting or following any practice, plan, program, or device having a similar purpose or effect.

3. That General Motors, its successors, assignees, and transferees, and its officers, directors, agents and employees, and all persons acting

1 on its behalf, be perpetually enjoined from imposing or attempting to
2 impose any limitation or restriction on the persons or classes of
3 persons, including but not limited to discount houses and referral
4 services, with whom any dealer of General Motors automobiles or trucks
5 may deal.

6 4. That General Motors, its successors, assignees and transferees
7 and its officers, directors, agents and employees and all persons acting
8 on its behalf be perpetually enjoined from inducing or persuading or
9 attempting to induce or persuade any dealer of General Motors automobiles
10 or trucks to refrain from dealing with discount houses or referral
11 services, or with any other person or class of persons.

12 5. That General Motors, its successors, assignees, and transferees,
13 and its officers, directors, agents and employees, and all persons acting
14 on its behalf, be perpetually enjoined from controlling or attempting to
15 control the prices at which any dealer of General Motors automobiles or
16 trucks may resell such automobiles or trucks.

17 6. That General Motors, its successors, assignees, and transferees,
18 and its officers, directors, agents and employees, and all persons acting
19 on its behalf, be perpetually enjoined from exercising or attempting to
20 exercise any restraint on the resale of General Motors automobiles or
21 trucks by any dealer.

22 7. That the plaintiff have such other, further, and different relief
23 as to the Court may seem just and proper in the premises.

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

25 Dated:

26 /s/ Robert F. Kennedy
27 ROBERT F. KENNEDY
Attorney General

/s/ Maxwell M. Blecher
MAXWELL M. BLECHER
Attorney, Department of Justice

28 /s/ Lee Loevinger
29 LEE LOEVINGER
Assistant Attorney General

30 /s/ Paul A. Owens
31 PAUL A. OWENS

32 /s/ Charles L. Whittinghill
CHARLES L. WHITTINGHILL
Attorneys, Department of Justice

7-1401
GOVERNMENT DOCUMENTS
/s/ Francis C. Whelan
FRANCIS C. WHELAN
United States Attorney