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Civil Action No. 49C-1071

In the United States District Court for the
Northern District of Illinois, Eastern Division

UNITED STATES OF AMERICA

v.

E. I. DU PONT DE NEMOURS AND COMPANY, ET AL.

COMPLAINT

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(I)

**In the United States District Court for the
Northern District of Illinois, Eastern Division**

Civil Action No. 49C-1071

Equitable Relief Sought

UNITED STATES OF AMERICA, PLAINTIFF

v.

E. I. DU PONT DE NEMOURS AND COMPANY; GENERAL
MOTORS CORPORATION; UNITED STATES RUBBER COM-
PANY; CHRISTIANA SECURITIES COMPANY; DELAWARE
REALTY & INVESTMENT CORPORATION; PIERRE S. DU
PONT; LAMMOT DU PONT; IRENEE DU PONT; DE-
FENDANTS

COMPLAINT

Equitable Relief Sought

The United States of America, by its attorneys, act-
ing under the direction of the Attorney General, brings
this complaint against the defendants named herein,
and upon information and belief alleges as follows:

I

JURISDICTION AND VENUE

1. This complaint is filed and these proceedings are
instituted under Section 4 of the Act of Congress of
July 2, 1890, c. 647, 26 Stat. 209, as amended, entitled
"An Act to Protect Trade and Commerce Against
Unlawful Restraints and Monopolies," said act being
commonly known as the Sherman Act, and under

Section 15 of the Act of Congress of October 15, 1914, c. 323, 38 Stat. 730, as amended, entitled "An Act to Supplement Existing Laws Against Unlawful Restraints and Monopolies and for Other Purposes," commonly known as the Clayton Act, in order to prevent and restrain violations by the defendants individually, jointly and severally, as hereinafter alleged, of Sections 1 and 2 of the Sherman Act and Section 7 of the Clayton Act.

2. The defendants E. I. du Pont de Nemours and Company, General Motors Corporation, and United States Rubber Company transact business within the Eastern Division of the Northern District of Illinois and are found therein.

II

DEFENDANTS

3. The following corporations and persons are named as defendants herein:

(a) E. I. du Pont de Nemours and Company (du Pont Company), a Delaware corporation with principal offices at Wilmington, Delaware. Its immediate predecessor corporation was E. I. du Pont de Nemours Powder Company.

(b) General Motors Corporation (General Motors), a Delaware corporation, with principal offices at 3044 West Grand Boulevard, Detroit, Michigan. Its immediate predecessor corporation was General Motors Company.

(c) United States Rubber Company (U. S. Rubber), a New Jersey corporation, with principal offices at 1230 Avenue of the Americas, New York, New York.

(d) Christiana Securities Company (Christiana), a Delaware corporation, with principal offices at the du Pont Building, Wilmington, Delaware. The name of the defendant was originally du Pont Securities Company.

(e) Delaware Realty & Investment Corporation (Delaware), a Delaware corporation, with principal offices at the du Pont Building, Wilmington, Delaware.

(f) Pierre S. du Pont, of Wilmington, Delaware. In du Pont he has been a director from 1915 to date; was President from 1915 to 1919; a member of the Finance Committee of the Board of Directors from 1915 to date; and Chairman of the Board of Directors from 1919 to 1940. In General Motors he was a Director from 1917 to 1944; President from 1920 to 1923; a member of and Chairman of the Executive Committee of the Board of Directors from 1918 to 1921; a member of the Finance Committee from 1917 to 1921; and Chairman of the Board of Directors from 1917 to 1929.

(g) Lamont du Pont, of Wilmington, Delaware. In du Pont he has been a Director from 1915 to date; was a member of the Finance Committee of the Board of Directors from 1918 to 1945; a member of the Executive Committee from 1915 to 1940; Vice President from 1916 to 1926; President from 1926 to 1940; and Chairman of the Board of Directors from 1940 to 1948. In General Motors he was a Director from 1918 to 1946; a member of the Executive Committee of the Board of Directors from 1921 to 1929, and Chairman of that Committee from 1921 to 1923; a

member of the Finance Committee from 1917 to 1937; and Chairman of the Board of Directors from 1929 to 1937.

(h) Irene du Pont of Wilmington, Delaware. In du Pont he has been a Director from 1915 to date; was a member of the Finance Committee of the Board of Directors from 1915 to 1946; a member of the Executive Committee from 1915 to 1919 and from 1921 to 1926; Vice President from 1915 to 1919; President from 1919 to 1926; Vice Chairman of the Board of Directors from 1926 to 1940. In General Motors he was a Director from 1918 to 1938; a member of the Executive Committee of the Board of Directors from 1930 to 1934; a member of the Finance Committee of the Board of Directors from 1918 to 1937, and of the Policy Committee from 1937 to 1946.

4. Where the term "defendant manufacturers" is used herein, it applies to the defendants du Pont Company, General Motors, and United States Rubber, and the predecessors and subsidiaries of each.

5. Where the term "defendant individuals" is used herein, it applies to defendants Pierre S. du Pont, Lamot du Pont, and Irene du Pont.

6. Where reference is made herein to any corporate defendant, such reference shall be deemed to include the predecessors and subsidiaries of such defendant; and for purposes of the relief prayed for, reference to any corporate defendant shall be deemed to apply to the subsidiaries, successors, assignees of such corporation and their officers, directors, agents, employees, and other representatives.

7. The term "members of the du Pont family," when used herein, applies to those persons who are lineal descendants of Pierre Samuel du Pont de Nemours, the senior member of the family, who emigrated to the United States from France, and the wives and husbands of such lineal descendants.

8. Each of the defendant individuals is a member of the du Pont family.

9. Each of the members of the class of persons hereinafter defined is named as a defendant. The individual defendants are fairly and adequately representative of such class of persons, who are so numerous as to make it impractical to bring all of them before the Court on the charges herein alleged. The charges herein involve all of the members of the class, and common relief is sought against all. The members of the class of persons made defendants herein have the following things in common:

(a) All are members of the du Pont family and are related by blood or marriage to the defendants Pierre, Lamot, and Irene du Pont;

(b) All hold, either directly, or indirectly through personal holding companies, or have a beneficial interest in, through trusts established in their favor or otherwise, shares of voting stock of one or more of the following defendant corporations: Christiana, Delaware, and U. S. Rubber.

10. Most of the members of the class made defendants herein are members of the immediate families (wives, husbands, children, grandchildren, etc.) of the individual defendants Pierre, Lamot, or Irene du

Pont, or of the persons listed below. Said individual defendants are brothers. Each of the persons listed below has the relationship to said individual defendants shown following his name:

Family head	Relationship to individual defendants
William K. du Pont (deceased)-----	Brother.
R. R. M. Carpenter (deceased)-----	Brother-in-law.
Charles Copeland-----	Brother-in-law.
A. Felix du Pont (deceased)-----	Second cousin.
Harry B. du Pont-----	Nephew.
William Winder Laird-----	Nephew.

11. The members of the class made defendants herein number in excess of 100. They will sometimes hereinafter be referred to as the "class defendants."

III

NATURE OF TRADE AND COMMERCE INVOLVED

12. The du Pont Company is the largest producer in the United States of explosives, powder and chemicals. Its principal manufacturing operations are conducted through ten departments. The names of these departments and the principal products which each produces are as follows: *Ammonia Department*: ammonia, urea, urea fertilizer compounds, methanol, higher alcohols, glycol, organic acids, hydrogenate products, anti-freezes, and food chemicals; *Electric Chemicals Department*: Electro and industrial chemicals including solvents, formaldehyde, cyanide, sodium, peroxide, ceramic colors, refrigerants, Vinyl products, and fumigants; *Explosives Department*: commercial explosives, blasting accessories, nitroglycerin, military and sporting powders, and commercial nitrocellulose; *Fabrics and Finishes Department*: pyroxylin and other coated fabrics and adhesives, various finishes for in-

dustrial, transportation, marine, and household purposes, including lacquers, enamels, paints, varnishes, plastics, waxes and polishes, plasticizers, and pyroxylin solutions; *Grasselli Chemicals Department*: inorganic and organic acids and heavy chemicals, zinc and zinc products, fungicides, insecticides, and wood preservatives; *Organic Chemicals Department*: dyestuffs, tetraethyl lead, neoprene, ethyl alcohol, camphor, and other organic chemicals; *Photo Products Department*: motion picture, X-ray, portrait, lithographic and micro films, fluorescent screens, photographic printing papers and processing chemicals; *Pigments Department*: titanium dioxide, extended titanium pigments, lithopone, dry colors, and copperas; *Plastics Department*: various types of plastics, molding powders, and fabricated articles; *Rayon Department*: rayon yarn of various types and for various uses, cellophane and nylon yarn.

13. The du Pont Company also has a large number of either wholly or partially owned subsidiaries in this and other nations. It has a 50 per cent interest in The Old Hickory Chemical Co. which produces carbon bisulphide. It holds 51 per cent, and General Motors 49 per cent, of the voting stock of Kinetic Chemicals, Inc., a manufacturer of refrigerants. Du Pont Company owns 66.7 per cent of the voting stock of International Freighting Corporation, Inc., which operates a steamship and general chartering business between the Atlantic Coast, Gulf Coast, and South American ports. The balance of the voting stock is held by General Motors.

14. General Motors is the largest manufacturing company in the United States. Its principal business

consists of the manufacture of passenger cars and trucks, including various parts and accessories. It produces the Chevrolet, Buick, Oldsmobile, Pontiac, and Cadillac passenger cars and the Chevrolet and GMC trucks. It is the largest producer of passenger cars and trucks in the United States. In 1947, it sold 1,931,000 passenger cars and trucks to dealers in the United States and Canada and for shipment overseas, which was 38 per cent of the industry total produced in the United States. In the 1937-41 period, its average annual sales of passenger cars and trucks were 1,832,466 units or 43 per cent of the industry total produced in the United States. It is the largest producer of automobile parts and accessories. It manufactures parts and accessories for use in its own cars as well as for sale and use in cars and trucks produced by other automobile and truck manufacturers.

15. General Motors is also the largest manufacturer of railroad Diesel locomotives in the United States. It produces Diesel engines for use in these locomotives as well as for other purposes. It manufactures numerous other products, including ball bearings, roller bearings, and a wide range of household appliances, such as electric refrigerators and heating equipment. Many of the General Motors production operations are conducted through operating divisions which include the following:

Car, Truck and Body Divisions: Buick Motor, Cadillac Motor Car, Chevrolet Motor, GMC Truck & Coach, Pontiac Motor, Buick-Oldsmobile-Pontiac Assembly, Fisher Body, and Oldsmobile; *Accessory*

and Parts Divisions: AC Spark Plug, Aeroproducts, Brown-Lipe-Chapin, Central Foundry, Delco Products, Delco Radio, Delco-Remy, Detroit Transmission, Guide Lamp, Harrison Radiator, Hyatt Bearings, Inland Mfg., Moraine Products, New Departure, Packard Electric, Rochester Products, and Saginaw Steering Gear; *Household Appliance Divisions:* Delco Appliance and Frigidaire; *Engine Divisions:* Allison, Diesel Equipment, Cleveland Diesel Engine, Electromotive, and Detroit Diesel Engine.

16. General Motors also has a large number of subsidiaries, mostly wholly owned, through which other operations of the company are conducted. It holds 50 per cent of the common stock of Ethyl Corporation which, prior to 1948, was the sole producer of Ethyl fluid made from tetraethyl lead and used as an anti-knock in gasoline. The other 50 percent of the stock of that company was owned by Standard Oil Company of New Jersey. General Motors also holds substantial interests in Kinetic Chemicals, Inc. and International Freighting Corporation, Inc., as hereinbefore alleged.

17. U. S. Rubber is the largest manufacturer in the United States of rubber tires and tubes, as well as of numerous other products made in whole or in part from rubber. Most of the defendant U. S. Rubber's manufacturing operations are conducted through the following divisions of the company: Tire Division, Mechanical Goods Division, Footwear, Naugatuck Chemical and Synthetic Rubber, and Textile. Defendant U. S. Rubber also has a large number of wholly owned and a small number of partially owned sub-

sidiaries through which other operations of the company are conducted.

18. Du Pont Company, General Motors and U. S. Rubber together constitute the largest combination of manufacturing enterprises in the United States. For the year 1947, the assets, sales volume and net income after taxes of the defendant manufacturers were as follows:

	Assets	Sales (round Nos.)	Net income after taxes (round Nos.)
Du Pont.....	\$1,438,000,000	\$783,000,000	\$120,000,000
General Motors.....	2,473,000,000	3,815,000,000	288,000,000
U. S. Rubber.....	348,000,000	681,000,000	21,000,000
Total.....	4,259,000,000	5,189,000,000	429,000,000

19. The defendant manufacturers maintain production and distribution facilities throughout the United States. Products produced by the defendant manufacturers are by them sold and shipped in commerce among the several States of the United States.

20. The du Pont Company produces many products which are used in the operations of other defendant manufacturers. General Motors and U. S. Rubber constitute a substantial market for many of such products produced by du Pont Company. Du Pont sells to General Motors large quantities of lacquers, paints, varnishes, thinners, antifreeze preparations, coated fabrics, and artificial leather. It sells to U. S. Rubber large quantities of rayon and organic chemicals. It has sold to Ethyl Corporation, a General Motors subsidiary organized in furtherance of the hereinafter

alleged conspiracy, large quantities of tetraethyl lead, alcohol, and ethyl chloride. Du Pont Company sells large quantities of many products other than those mentioned above to General Motors and United States Rubber, while additional quantities of products produced by du Pont Company are sold to these two companies through companies and persons other than du Pont Company. Du Pont Company's sales (not including sales of du Pont-made products sold through companies other than du Pont) for the years 1938 to 1947, inclusive, to defendant General Motors totaled approximately \$134,000,000, to defendant U. S. Rubber approximately \$72,000,000, and to Ethyl Corporation approximately \$57,000,000, a total of \$263,000,000.

21. United States Rubber sells to General Motors large quantities of tires and tubes for use as original equipment in General Motors cars and trucks, as well as quantities of other products. It is General Motors' principal supplier of tires and tubes for use as original equipment in the cars, trucks, and busses produced and sold by General Motors and its subsidiaries. U. S. Rubber's direct sales of tires and tubes to General Motors for original equipment totaled, for the period 1934 to 1947, inclusive, approximately \$500,000,000.

22. General Motors sells a large number of passenger cars and trucks either directly or through dealers to each of the other defendant manufacturers.

23. The products sold by each defendant manufacturer to the other defendant manufacturers are shipped in interstate trade and commerce from the

factories or warehouses of the selling defendant to the factories or warehouses of the purchasing defendants located in other States.

24. There are numerous manufacturers, other than the defendant manufacturers, located in various parts of the United States, which manufacture and sell products of substantially the same type, kind, and quality as the products manufactured and sold by the defendant manufacturers, and but for the combination and conspiracy alleged hereinafter these other manufacturers would be able to offer their products competitively to the manufacturing defendants having need for them. In addition, the potential market in which these other manufacturing companies may compete generally has been restricted substantially by the nature and magnitude of the growth of the defendant manufacturers, and the ability of said other manufacturing companies to compete effectively, has been substantially impaired by the illegal means hereinafter alleged.

IV

ORIGIN AND DEVELOPMENT OF DU PONT COMPANY TO 1915

25. The du Pont Company was founded in 1802 by Eleuthere Irénée du Pont, who, with his father and members of their families, had immigrated to the United States from France, and set up a company to engage in the manufacture of black powder. The company's first plant was located on the Brandywine River in Delaware, where the headquarters of the company has remained. Prior to 1899, the company oper-

ated as a partnership, with members of the du Pont family and their close associates holding the partnership shares. In 1899, the company became a corporation, with control remaining in the hands of members of the du Pont family. Until the latter part of the 19th century, the company's principal business consisted of the production of black powder and it was the leading company in the United States in that field. It then expanded into the manufacture of smokeless powder and high explosives, and in these fields also shortly became the principal producer in the United States.

26. In 1902, a major change occurred in the administration of the company. The then president of the company, Eugene du Pont, died, and the remaining senior members of the du Pont family wished to dispose of their holdings in the company. Three of the younger members of the family, Alfred I. du Pont, Pierre S. du Pont, and T. Coleman du Pont, purchased the company, and formed a new company, the E. I. du Pont de Nemours Powder Company (a New Jersey corporation), which took over the assets of the acquired company. Approximately 89,000 shares of the 119,970 shares of common stock issued by the new company were acquired by T. Coleman du Pont, Alfred I. du Pont, and Pierre S. du Pont, with T. Coleman du Pont acquiring the principal block. This stock gave these three members of the du Pont family control of the company. The new company acquired not only the powder and explosives business of the old company, but also the shares of stock which its pred-

ecessor, as a holding company, held in numerous other powder and explosive companies. The new company immediately embarked, both directly and through subsidiary and holding companies, on a program of acquiring control of additional powder and explosives companies.

27. In 1907, a suit in equity was filed by the United States against the du Pont Company (the powder company of 1902) charging it and other companies with combining and conspiring to restrain and monopolize interstate trade and commerce in the field of powder and explosives. In 1911, the Court held the combination to be illegal and in 1912 a final judgment was entered providing for the splitting of the business of the du Pont Company among three companies: du Pont Company; Atlas Powder Company, and Hercules Powder Company.

28. In 1910 (prior to the dissolution referred to above), the total annual sales of the du Pont Company amounted to approximately \$34,000,000. Its only holding at that time outside the powder and explosives filed, was a part interest in a company which made artificial leather (Fabrikoid Company). Du Pont subsequently acquired full stock interest in that company, dissolved it, and merged its operations into those of the du Pont Company as part of what subsequently became known as the Fabrics and Finishes Department. In 1915 du Pont acquired the Arlington Company, makers of celluloid, a product then used in substantial quantities in the making of automobile side curtains.

V

OFFENSES CHARGED

29. Beginning in or about 1915 and continuing thereafter up to and including the date of the filing of this complaint, the defendants have been and are now engaged in a continuing combination and conspiracy to restrain unreasonably the aforesaid interstate trade and commerce in the development, production, manufacture, distribution and sale of the products which are or may be produced by each of the defendant manufacturers and have conspired and combined to monopolize a substantial part of such interstate trade and commerce, in violation of Sections 1 and 2 of the Sherman Act, and defendant du Pont has acquired a controlling interest in the stock or other share capital of defendant General Motors, while both of said corporations were engaged in interstate commerce, the effect of which acquisition has been to substantially lessen competition between the two companies and to tend to create a monopoly in particular lines of commerce in violation of Section 7 of the Clayton Act. Defendants threaten to continue such offenses and will continue them unless the relief hereinafter prayed for in this Complaint is granted.

30. The aforesaid combination and conspiracy to restrain interstate trade and commerce and to monopolize a substantial part thereof, has consisted of a continuing agreement and concert of action among the defendants, the substantial terms of which have been that the defendants:

(a) Agree to acquire, hold and perpetuate control by the defendant individuals and class defendants of the directors, executives, and corporate policy of each of the corporate defendants:

(1) By establishing Christiana and Delaware as personal holding companies, a majority of the outstanding voting stock of which would be held by the defendant individuals and class defendants and their families in perpetuity and voted by them;

(2) By utilizing Christiana and Delaware to acquire sufficient of the common stock of du Pont Company to control it, and to hold such stock in perpetuity, and to vote it;

(3) By causing du Pont Company to acquire sufficient of the common stock of General Motors to control it, to hold such stock in perpetuity, and to vote it;

(4) By causing the defendant individuals and certain of the class defendants to acquire sufficient of the common stock of United States Rubber to control it, to hold such stock in perpetuity for themselves and their families, and to vote it;

(b) Agree to utilize control of the defendant manufacturers to enhance the size, power, and market control of each of them at the expense of its competitors:

(1) By causing each defendant manufacturer which uses products produced by one or more of the other defendant manufacturers to purchase substantially all of its requirements of such products from such other defendant manufacturers, and to exclude com-

petitors of such other defendant manufacturers from the opportunity of competing freely for such business;

(2) By causing du Pont Company to expand its production facilities, through acquisitions and otherwise, so as to enable it to produce the types and quantities of products in the chemical and related fields which are used in substantial quantities by the other defendant manufacturers;

(3) By causing General Motors and United States Rubber to expand in their respective existing fields, and into new fields, through acquisitions and otherwise, so as to enlarge the closed and noncompetitive market available to du Pont Company for products sold by it to General Motors and United States Rubber, and to increase the profits available to du Pont Company from its ownership of General Motors stock;

(4) By subsidizing the expansion of du Pont Company by using for such purpose the profits derived by it from the sale of its products on a closed market basis to General Motors and United States Rubber, as well as the profits derived by du Pont Company from its ownership of General Motors stock;

(5) By subsidizing the expansion of General Motors by causing du Pont Company and United States Rubber to grant General Motors systematic secret rebates and preferential prices on certain of the products sold to General Motors on a closed market basis by du Pont Company and United States Rubber, and selling such products at higher prices to customers of du Pont and United States Rubber other than General Motors;

(6) By subsidizing the expansion of United States Rubber by using for such purpose the profits derived by it from the sale of its products on a closed market basis to General Motors and du Pont Company;

(7) By inducing suppliers of each defendant manufacturer to purchase products on a basis of reciprocity from one or more of the other defendant manufacturers, and to refrain from purchasing such products from competitors of such other defendant manufacturers;

(8) By causing each defendant manufacturer to make patents, technical data, and trade information obtained by any one defendant manufacturer available to the other defendant manufacturers on an exclusive or preferential basis;

(c) Agree to utilize control of the defendant manufacturers to eliminate competition among themselves:

(1) By causing General Motors to refrain from entering into chemical manufacturing fields, including the manufacture of paints, varnishes, and related products, and to grant du Pont Company exclusive production rights in chemical discoveries made by General Motors;

(2) By causing General Motors to refrain from manufacturing tires and tubes;

(3) By causing United States Rubber to refrain from expanding its operations into chemical and related fields in which du Pont Company operates, or into fields in which General Motors operates.

31. During the period of time covered by this complaint and for the purpose of forming and effectuating the aforesaid combination and conspiracy, the

defendants by agreement and concerted action have done the things which, as hereinbefore alleged, they conspired to do, and more particularly, have done, among others, the following acts and things.

A. The organization of Christiana and Delaware to perpetuate du Pont family control over du Pont Company

32. In 1915, the defendants Pierre S., Irene and Lamot du Pont, together with A. Felix du Pont and R. R. M. Carpenter, who were members of the du Pont family, and John J. Raskob, Treasurer of the du Pont Company, formed a syndicate to acquire the large block of stock in du Pont Company (Powder Company) then held by its largest stockholder, T. Coleman du Pont. The stock was acquired and the members of the syndicate organized the du Pont Securities Company (predecessor of defendant Christiana and hereinafter referred to as defendant Christiana) as a personal holding company to which the T. Coleman du Pont holdings were transferred, along with certain shares of du Pont Company common stock owned by members of the syndicate. Christiana then held a controlling portion of the du Pont Company common stock.

33. At the outset, all of Christiana's outstanding common stock (75,000 shares) was held by its incorporators in the following amounts: defendant Pierre S. du Pont, 37,500 shares; defendant Irene du Pont, 12,000 shares; defendant Lamot du Pont, 12,000 shares; A. Felix du Pont, 6,000 shares; R. R. M. Carpenter, 4,500 shares, and John J. Raskob, 3,000 shares. All except John J. Raskob were members of the du

Pont family. These stockholders then allocated certain of their shares of Christiana stock to officers of the du Pont Company. When this redistribution had been completed, the original incorporators held approximately 68,250 shares of the 75,000 outstanding shares of Christiana stock. Thereafter most of the common stock which the defendant individuals and class defendants held in du Pont company was turned over to Christiana in exchange for its stock to prevent dispersal of such du Pont Company stock, and to insure the perpetuation by such individual and class defendants of their control over du Pont Company.

34. It was understood and agreed among the individual defendants and class defendants who held Christiana stock that they would continue to hold it, would keep it within their families and would not dispose of it to outsiders, so that, either directly or through their families, such defendants would maintain control of a majority of the stock of Christiana and, through such stockholdings, maintain control of the du Pont Company. This understanding and agreement has been adhered to, and throughout the period covered by this Complaint, the individual defendants and the class defendants have, pursuant to said understanding and agreement, held control of Christiana, and, through it, of du Pont Company. The du Pont Company common stock held by Christiana has been voted as a block at the stockholders' meetings of the du Pont Company. The directors of Christiana have customarily been directors and officers of the du Pont Company.

35. The largest single block of stock in Christiana (approximately 49,000 shares, or 32 per cent) is held by defendant Delaware. Delaware, in turn, is a personal holding company for a small number of the members of the du Pont family and their close associates. It was used by defendant Pierre S. du Pont, who had no children, as a means of passing control of his stock holdings to his closest relatives. To accomplish this, he turned the bulk of his holdings in Christiana, in which he was the largest stockholder, together with his common stock in du Pont Company and other companies, over to Delaware in consideration of the payment by it to him of an annuity of approximately \$900,000 a year. The common stock of Delaware was then distributed among his close relatives. The majority of Delaware's 800,000 shares of outstanding common stock is held by the defendants Irene and Lamot du Pont, a brother-in-law, and two of their nephews, and the members of their respective families. It was understood and agreed among the defendant individuals and class defendants who held Delaware stock that they would hold it for themselves and the members of their families, so that control of defendant Delaware would remain in perpetuity in the hands of the defendant individuals and certain of the class defendants. This understanding and agreement has been adhered to, and, throughout the period of Delaware's existence, said defendants have, pursuant to said understanding and agreement, retained control of Delaware, and have caused the common stock of du Pont Company which is held by Delaware to be voted in

stockholders' meetings of du Pont Company in the same manner as the common stock in du Pont Company held by Christiana. The defendant individuals have at all times occupied the dominant position in determining what the policies of Christiana, Delaware, and du Pont Company should be. The class defendants have at all times accommodated themselves to the decisions of the defendant individuals, and such class defendants have voted their stock in Christiana, Delaware, and du Pont Company, and have done other acts in furtherance of this combination and conspiracy, pursuant to agreement and understanding had among themselves and the defendant individuals.

36. Christiana now holds approximately 3,049,800 shares (or 26 percent) and Delaware holds approximately 304,480 shares (or 3 percent) of the outstanding shares (11,158,340) of the common stock of du Pont Company. Defendant individuals and class defendants who are either officers or directors of the du Pont Company own a further block of approximately 5.3 percent of the stock of that company, while other members of the du Pont family, including the class defendants, who are not officers or directors of the du Pont Company, own directly a further 2.2 percent of the stock in du Pont. The combined holdings of Christiana and Delaware in du Pont Company, together with the direct holdings of members of the du Pont family in that company, total at the present time approximately 36 percent of the outstanding common stock of du Pont Company.

37. The remaining approximately 64 percent of the capital stock of the du Pont Company is diffused

among approximately 73,000 stockholders whose average holdings amount to slightly over 100 shares apiece. The concentrated holdings of Christiana and Delaware alone, as contrasted to the wide distribution of the remaining shares of the stock among 73,000 stockholders scattered throughout the world, are sufficient to, and do, enable these personal holding companies to control the defendant du Pont Company and its policies.

B. Acquisition and exercise of control by du Pont Company over General Motors

38. During World War I, du Pont Company plant facilities, sales, and profits in the powder and explosives fields expanded enormously as a result of the wartime demand for these products on the part, first of Great Britain, France, and the other allied powers, and later of the United States. Its net profits on this war business during the period 1915 to 1918, inclusive, totalled approximately \$232,000,000.

39. During 1917, the du Pont Company, anticipating the end of World War I and the cessation of orders for vast quantities of powder and explosives which the company had enjoyed, determined to utilize part of its war profits to expand into fields other than gunpowder and explosives, and to acquire for itself protected markets for these new products and for products such as artificial leather and transparent celluloid, which were being produced by companies in which du Pont had already acquired an interest, and thus to counterbalance the anticipated shrinkage in the powder and explosives business which would inevitably follow the close of hostilities.

1. Acquisition of stock

40. The defendant Pierre S. du Pont, then president of du Pont Company, and others associated with him in the company, had been investing in the common stock of General Motors Company and Chevrolet Company (which then held a majority of the stock of General Motors), and had become acquainted with the potentialities of the motor car industry and with the opportunities it held as a protected market for products which du Pont Company produced or might produce through an expansion of its enterprises.

41. On December 21, 1917, the Executive and Finance Committees of the du Pont Company, which included defendants Pierre S. du Pont, Lamont du Pont, and Irénée du Pont in their membership, in a joint meeting, formally approved the acquisition by du Pont Company of a substantial interest in General Motors Company and Chevrolet Company, and authorized the purchase of \$25,000,000 worth of the common stock of these companies. A new company, General Industries, Inc., all of whose stock was held by du Pont Company, was set up with an authorized capital of \$25,000,000 to accomplish the actual purchase of General Motors and Chevrolet stock. The acquisition was made on the understanding that du Pont Company and the then existing William Durant management of Chevrolet and General Motors would have joint control of those two companies, that the du Pont Company would immediately assume charge and be responsible for the financial operation of General Motors and Chevrolet, and that General Motors and Chevrolet would purchase from du Pont Company all

of their requirements of Fabricoid (artificial leather), Pyralin (transparent celluloid), paint, varnish, and related products then produced or thereafter to be produced by du Pont Company, or by companies to be acquired by du Pont Company.

42. Pursuant to the foregoing understanding, General Industries, Inc., had by March 8, 1918, purchased common stock of General Motors and Chevrolet in an amount equivalent to approximately a 23 per cent interest in the two companies.

43. Shortly thereafter the name of this stock purchasing instrumentality was changed from General Industries, Inc., to du Pont American Industries, Inc., its capitalization was substantially increased, and it continued to purchase stock in General Motors and Chevrolet. The du Pont Company also approved the acquisition by General Motors of the assets of Chevrolet, which was thereafter accomplished, with Chevrolet thereafter being operated as a division of General Motors. By October 1919, du Pont American Industries owned almost 30 per cent of the then outstanding stock of General Motors.

44. In 1920, William Durant, the organizer of General Motors, was in financial difficulty and the du Pont Company undertook to acquire his stock holdings in General Motors so as to eliminate him from participation in the control of General Motors, concentrate the control in the hands of du Pont Company, and prevent interests unsympathetic to du Pont Company from acquiring an interest in and a voice in the control of General Motors. To accomplish this, the du Pont Securities Company was organized

as a subsidiary of du Pont American Industries and purchased William Durant's General Motors stock. The du Pont Company's stock purchasing subsidiaries, du Pont American Industries, Inc., and du Pont Securities Company, were later dissolved and their General Motors stock holdings taken over by du Pont Company. It thereafter from time to time acquired additional blocks of General Motors stock to prevent them from falling into hands which might embarrass du Pont Company's control of General Motors.

45. du Pont Company utilized J. P. Morgan & Company to aid in the financing of du Pont's acquisition of Durant's stock, as well as in financing the capital needs of General Motors, and during the financial stringency of 1920 induced affiliated companies, such as Canadian Industries, Ltd. (a Canadian firm jointly controlled by du Pont Company and the Nobel interests (explosives) of Great Britain) both severally and in partnership with du Pont, to subscribe heavily for General Motors capital stock. Such acquisitions were in large part taken over by du Pont at a later date.

46. Du Pont Company, in return for the assistance given it and General Motors by J. P. Morgan & Company, designated two of the Morgan representatives for membership on the General Motors Board of Directors, such membership being held by the Morgan representatives until approximately 1942, when one of the Morgan men died.

47. Defendant du Pont Company has for many years past owned 10,000,000 shares (approximately 23 per cent) of the approximately 44,000,000 outstand-

ing shares of General Motors common stock. The remaining shares of General Motors stock were, in 1947, held by over 436,000 stockholders located in the various States of the United States and in foreign countries. Ninety-two per cent of these stockholders owned no more than 100 shares. Sixty per cent owned no more than 25 shares. The concentrated block of 10,000,000 shares held by du Pont Company as contrasted to the wide distribution of the remaining 34,000,000 shares among hundred of thousands of small shareholders, has enabled defendants to control the selection of the directors of General Motors and to control the administration and policies of that corporation.

2. Control over officers and directors

48. In the du Pont Company, the Finance and the Executive Committees of the Board of Directors are the bodies which control the basic policies of the company. Likewise, in defendant General Motors, the Finance Committee (otherwise known as the Policy Committee and later as the Financial Policy Committee) and the Executive Committee are the bodies which control the basic policies of that company.

49. When the du Pont Company decision was made in 1917 to acquire a substantial stock interest in General Motors, du Pont Company, pursuant to the understanding reached with the hitherto dominant William Durant management interests in General Motors, began taking over control of the Finance Committee of that company.

50. Starting in the latter part of 1917, and continuing into 1918, the du Pont Company placed the

following representatives on the Finance Committee of the Board of Directors of General Motors:

Position with du Pont

Pierre S. du Pont....	President, Director, and member of Finance Committee.
Lammot du Pont.....	Vice President, Director, and member of Executive Committee.
Irene du Pont.....	Vice President, Director, and member of Finance Committee.
Henry F. du Pont....	Director, member of Finance Committee.
J. A. Haskell.....	Vice President, Director, member of Executive Committee.
J. J. Raskob.....	Treasurer (later Vice President), Director, member of Finance and Executive Committees.

The seventh member of the General Motors Finance Committee was William Durant.

51. Since 1917 key officers and directors of the du Pont Company, including the individual defendants named herein, have been assigned by du Pont Company to serve as officers and directors of General Motors and on its principal committees. The du Pont Company has also determined what other persons should hold office as members of the Board of Directors of General Motors, and no person has been chosen for membership on such board contrary to the wishes of du Pont Company.

52. The principal official positions which the individual defendants have held with du Pont Company and General Motors are as follows:

<i>du Pont Company</i>		<i>General Motors</i>	
<i>Pierre S. du Pont</i>			
Director.....	1915-date	Director.....	1917-44
President.....	1915-19	President.....	1920-23
Chairman of Board.....	1919-40	Chairman of Board.....	1917-29
Finance Committee.....	1915-date	Finance Committee.....	1917-37
		Executive Committee....	1921-29

du Pont Company

General Motors

Lammot du Pont

Director.....	1915-date	Director.....	1918-46
Vice President.....	1916-26	Chairman of Board.....	1929-37
President.....	1926-40	Finance Committee.....	1917-37
Chairman of Board.....	1940-48	Executive Committee....	1921-29
Finance Committee.....	1918-45		
Executive Committee....	1915-40		

Irene du Pont

Director.....	1915-date	Director.....	1918-38
Vice President.....	1915-19	Finance Committee and	
President.....	1919-26	Successor Committee..	1918-46
Vice Chairman of Board..	1926-40	Executive Committee....	1930-34

53. In 1923, General Motors and du Pont Company worked out a plan to provide special financial incentives to the executives of General Motors in a form which would make them more directly responsive to the influence and desires of du Pont Company. Under this plan, General Motors organized a corporation known as Managers Securities Company and obligated itself to pay the company a minimum of \$2,000,000 annually (thereafter changed to a percentage of General Motors' net profits). Du Pont Company transferred to the new company the right to receive dividends from approximately 2,250,000 shares of the General Motors common stock owned by du Pont Company. General Motors, through its Finance Committee, then allocated Class A and B stock of Managers Securities Company to General Motors executives in amounts determined by the Finance Committee of General Motors. One of these classes of Managers Securities Company stock so allocated to the General Motors executives, carried with it the right to participate in the special payments which

General Motors had obligated itself to make annually to Managers Securities Company. The other class of Managers Securities Company stock, also allocated to General Motors executives, received the balance of the income which Managers Securities had, such income consisting, in the main, of dividends from 2,250,000 shares of General Motors common stock allocated to Managers Securities by du Pont Company. Although various changes were made thereafter in the detailed operation of the bonus system, the basic elements of the plan have continued to the date of the filing of this complaint.

54. Under the bonus plan those General Motors executives who have been permitted to participate have been enabled, through the payment of small sums, to reap tremendous returns. The \$1,000,000 worth of Managers Securities stock to which the dividends from General Motors stock was allocated, as issued to General Motors executives starting about 1923, was worth over \$500,000,000 on the basis of the highest market price prevailing in 1929 for General Motors common, and nearly \$350,000,000 on the basis of the median price in that year.

55. Throughout the period of time that the bonus plan has been in operation, the allocation of benefits under the plan to General Motors executives and the determination of the amount of each such allocation has been made either by the Finance Committee of General Motors, or by a special Bonus and Salary Committee of the Board of Directors of General Motors. Throughout this period of time, either defendant individuals, or associates of defendant individuals

who were officers or directors of du Pont Company, including certain class defendants, have dominated said Finance Committee or Bonus and Salary Committee and have determined who among the General Motors executives should receive bonus allocations and the amount each should receive. The executive personnel of General Motors have known throughout the existence of the bonus plan, that the recipients of cash and stock bonuses and the amount each received was determined by a committee the majority of which has at all times been composed of du Pont Company directors, officials and employees. As an inevitable, and intended, consequence of the operation of the bonus plan, General Motors executives have responded readily to the influence and desires of the du Pont Company.

3. Agreements relating to intercompany sales

56. Beginning in 1917, it was understood and agreed between General Motors and du Pont Company that, because of the latter's acquisition of control over General Motors, General Motors would give preference to du Pont Company in buying products for use in its operations. It was agreed that General Motors would purchase from du Pont all or substantially all of its requirements of products manufactured by du Pont, and would refrain, in whole or in large part, from purchasing such products from competitors of du Pont Company. It was further understood and agreed that du Pont Company in buying cars or trucks or other products produced by General Motors would buy all or substantially all of such goods from

General Motors, and refrain, in whole or in large part, from purchasing such products from General Motors' competitors.

57. In 1917, du Pont Company was producing principally powder and explosives. It manufactured few items which could be used in the production of automobiles. Among the few items required by General Motors which were produced by du Pont Company or its subsidiaries in 1917 was celluloid which, in transparent form, was used in making side curtains for automobiles, and artificial leather which was used extensively in automobile seats and upholstery. Beginning in or about 1917, General Motors has purchased all or substantially all of its requirements of these items from du Pont Company.

58. The du Pont Company, from in or about 1917, has purchased all or substantially all of its requirements of cars and trucks and other items produced by General Motors from that company or its dealers.

59. In 1917, the du Pont Company was engaged to but a limited extent in the production of paints and varnishes and related products. In reliance upon the understanding that it would be the primary supplier for General Motors of products which were manufactured by du Pont, and knowing that General Motors would constitute a large market for paints, varnishes, lacquers, thinners, enamels, and the like du Pont Company embarked, starting in 1917, upon a program of acquiring numerous independent companies engaged in the production of such products. Among the companies so acquired were Bridgeport Wood Finishing Company; Cauley, Clark & Company;

Harrison Brothers & Company, Inc.; Flint Varnish & Chemical Works; New England Oil Paint & Varnish Company; Chicago Varnish Company; Mountain Varnish & Color Works. At the time it was acquired by du Pont Company, the Flint Varnish & Chemical works specialized in automobile finishes, and General Motors acquired and held a minority interest in the common stock of that company. After acquiring the majority stock interest in Flint Varnish, du Pont Company purchased from General Motors its minority interest pursuant to an understanding and agreement between General Motors and du Pont Company that General Motors would not engage in the production of paints and varnish and allied products so long as du Pont Company was engaged in such business and retained its control over General Motors.

60. The paint and varnish companies which were acquired by du Pont Company were thereafter dissolved and their assets taken over by du Pont Company and incorporated in its Fabrics and Finishes Department. The Fabrics Division of this department produces artificial leather and other coated fabrics while the Finishes Division of such department produces paints, enamels, varnishes, lacquers, thinners, and related products. Beginning in or about 1917, General Motors has purchased all or substantially all of its requirements of items in this fabrics and finishes field from du Pont Company. The bulk of the purchases made by General Motors from du Pont Company are from the Fabrics and Finishes Department. General Motors is not only the largest customer of this department but its purchases con-

stitute a large percentage of the department's total volume of business. This department is one of, if not the largest, profit producer of the many departments of du Pont Company.

61. At the time du Pont Company first acquired a substantial stock interest in General Motors, that company operated through somewhat autonomous operating divisions, each of which had its own purchasing departments which purchased for their own division with but limited supervision from the central office of General Motors. In order to secure more effective liaison among these divisional purchasing agents and to insure that du Pont Company wishes would be promptly communicated to them and fully complied with, a central purchasing committee for General Motors was established in or about 1922. The membership of this committee was made up of the purchasing agents of the operating divisions and the committee met approximately monthly. The chairman of the committee was at all times one of the high executives of General Motors who was either a former executive of du Pont Company or one who possessed the complete confidence of du Pont Company. This central purchasing committee was an effective instrumentality in carrying out the du Pont-General Motors intercompany sales arrangements hereinbefore and hereinafter described.

62. The original policy of requiring General Motors to purchase exclusively from du Pont the products du Pont was able to supply was subsequently modified so as to permit General Motors to purchase from 20 to 25 per cent of its requirements of the products du

Pont manufactured which General Motors used from companies other than du Pont, leaving du Pont with 75 to 80 per cent of the General Motors business. This modification was made because of the fear of both du Pont and General Motors that their business relations with other concerns might be jeopardized if it became generally known that General Motors was required to buy exclusively from du Pont.

63. General Motors, as a protected market for du Pont Company, from which its competitors have been substantially excluded, has provided du Pont Company a substantial and highly profitable outlet for its products. Du Pont Company's direct sales to General Motors and Ethyl (excluding sales of du Pont products made to General Motors by others than du Pont Company) have exceeded \$191,000,000 for the period 1938 to 1947, inclusive.

4. Agreements relating to division of fields

64. Du Pont Company, following its acquisition of control over General Motors in or about 1917, not only extended its operations into the manufacture of paints and varnishes and related products, but also began expanding into other areas in the chemical field. In connection with this expansion, du Pont Company entered into an agreement with General Motors to the effect that the latter would refrain from the manufacture of chemicals, including paints and varnishes and similar products, leaving this field, as between the two companies, exclusively to du Pont Company. It was further agreed between the two companies that when General Motors made discoveries in the chemical

field, it would inform du Pont Company of the findings and grant to du Pont Company exclusive development, production, and exploitation rights with respect to such discoveries. It was also understood that if any of said General Motors' discoveries were usable in General Motors operations, du Pont Company would, after their development, make them available to General Motors Company for use upon an exclusive or preferential basis. It was further understood that if du Pont Company made discoveries in the chemical field which might be of use in the production of automobiles, du Pont Company would promptly inform General Motors of its findings and grant to General Motors preferential rights with respect to such discoveries, and General Motors would aid in the experimental work on such discoveries.

65. Two illustrations of the results of the agreements to divide fields are set out below.

(a) *Tetraethyl lead*

66. Starting in or about 1918, General Motors engaged in an extensive investigation into the nature and causes of "knocking" in internal combustion engines. The chemical research involved in this investigation revealed that the use of tetraethyl lead blended with gasoline in proper proportions constituted an effective "antiknock." When General Motors made this discovery, tetraethyl lead was a scarce and expensive product, production of which was highly hazardous. General Motors, therefore, continued its researches in an attempt to discover a cheaper and safer method of producing tetraethyl lead on a commercial

basis. It was successful in its endeavor and discovered that tetraethyl lead could be produced commercially from ethyl bromide. It secured patents on both the use of tetraethyl lead in gasoline as an "antiknock" and on the method of producing it. The du Pont Company was kept fully advised by General Motors as to these developments. When General Motors had completed the basic research and development work, the project was surrendered to du Pont Company on an exclusive basis pursuant to the agreements set out above. du Pont Company undertook to develop the "antiknock" commercially, and also to negotiate with companies in foreign countries such agreements as might be desirable to insure that tetraethyl lead as an "antiknock" could be produced and sold in the United States free from competition arising from such foreign sources.

67. In or about 1922, General Motors and du Pont Company were ready to exploit commercially the use of tetraethyl lead in gasoline as an "antiknock." The two companies then entered into agreements under which the du Pont Company was given the exclusive right to manufacture tetraethyl lead under the General Motors patents. The contract was a continuing one, giving the du Pont Company this exclusive right in perpetuity, but allowing it to cancel the contract on one year's notice. By supplementary contracts, du Pont was enabled to construct plants to produce tetraethyl lead upon a basis which involved no financial risk for du Pont Company and which imposed all such risks on General Motors.

68. The tetraethyl lead, which was manufactured by du Pont Company pursuant to the terms of the foregoing agreements, was distributed by a General Motors subsidiary which was organized to handle the marketing of the tetraethyl lead to oil companies. This General Motors subsidiary entered into an agreement, in or about 1924, with the Standard Oil Company of New Jersey (Standard Oil), giving that company the exclusive right to distribute tetraethyl lead for use as an "antiknock" in gasoline for a period of 18 months. During the period of this exclusive distributorship, Standard Oil discovered a new and improved method of producing tetraethyl lead. The new method was both cheaper and safer than the method which had been discovered by General Motors. It permitted the production of the tetraethyl lead from ethyl chloride, which was in plentiful supply, instead of from ethyl bromide, which was in very short supply. In the meantime, du Pont Company had built a sizable plant at Deepwater, New Jersey, and was producing substantial amounts of tetraethyl lead under the bromide process. Oil companies that were using the tetraethyl lead in their gasoline were enthusiastic about the "antiknock" results achieved, and du Pont Company anticipated a great expansion in demand and production.

69. Standard Oil, relying on its exclusive distributorship rights to tetraethyl lead and on the potentialities of its new method of producing the product, demanded of General Motors and du Pont the right itself to produce tetraethyl lead and thereby share production privileges and profits with du Pont Company. Du Pont Company objected even though its

production of tetraethyl lead was at the time being severely limited by shortages in the supply of bromide. General Motors supported du Pont Company in resisting Standard Oil's attempt to enter into the business of producing tetraethyl lead.

70. The conflict was resolved by an agreement under which a new corporation, Ethyl Gasoline Corporation (later changed to Ethyl Corporation, and referred to herein as "Ethyl") was organized in or about 1924, to take over the physical assets and contract obligations of the General Motors subsidiary which had been handling the marketing of the tetraethyl lead produced by du Pont Company. Both Standard Oil and General Motors assigned to the new company their patents and patent applications relating to the use of tetraethyl lead as an "antiknock" and to the methods of producing the substance. The voting stock in the new corporation was divided equally between General Motors and Standard Oil. It was agreed among du Pont Company, General Motors, and Standard Oil that the latter, in consideration for receiving a 50 per cent stock interest in Ethyl, and thereby securing a right to one-half of the profits involved in the distribution of the Ethyl fluid, would withdraw its demand to share with du Pont Company in the manufacture of tetraethyl lead. The three companies agreed that du Pont Company would have the exclusive right to produce tetraethyl lead for Ethyl and to blend the tetraethyl lead into what was known as Ethyl fluid, and would be permitted to produce and supply total requirements of the principal products needed in the production of tetraethyl lead.

71. In the years following the organization of Ethyl, du Pont Company and General Motors entered into numerous contracts, agreements, and understandings which (a) gave to and insured to du Pont Company the exclusive right to produce tetraethyl lead, to blend the lead into the "Ethyl fluid" which Ethyl distributed to oil companies for blending in gasoline, and to supply exclusively the basic ingredients, such as ethyl alcohol, caustic soda, sodium, and other products which entered into the production of tetraethyl lead; and (b) provided that du Pont Company should erect the necessary plants to produce the tetraethyl lead and certain of the products entering into its production, but upon terms involving no financial risk to du Pont Company and imposing the greater part of the expense of construction upon Ethyl.

72. The term of the last basic ethyl patent expired about December 31, 1947. Beginning in the early 1930's, du Pont Company and General Motors gave much attention to devising means for the protection of du Pont Company's monopoly in the production of tetraethyl lead and the blending of Ethyl fluid upon the expiration of the applicable patents. To achieve this purpose, General Motors and du Pont agreed that their arrangements with Ethyl would be modified from time to time prior to the expiration of the patents in such a way that when the patent protection ended, du Pont Company would be in a position not only to continue manufacturing the tetraethyl lead, but also to take over from Ethyl the distribution of the Ethyl fluid. In furtherance of this agreement, a

series of contracts were entered into between du Pont Company and Ethyl, the first ones being entered into in 1938, under which du Pont Company was "employed" by Ethyl to make tetraethyl lead, with du Pont Company to be compensated on the basis of an elaborate formula which was worked out among the parties, under du Pont Company's domination.

73. In or about January 1, 1948, the ethyl patent monopoly having expired, du Pont Company ceased manufacturing tetraethyl lead for the account of Ethyl and for distribution by Ethyl. Du Pont Company instead, as contemplated by the agreement reached between it and General Motors and referred to hereinbefore, manufactured tetraethyl lead and blended Ethyl fluid for its own account, and distributed the Ethyl fluid through its own organization.

74. The exclusive rights which du Pont Company secured in the tetraethyl lead development as a result of du Pont Company's control over General Motors established du Pont Company in a new and lucrative line of business and provided it with a protected market for tetraethyl lead, Ethyl fluid and the products used in making them, from which all competitors were rigidly excluded. Finally du Pont Company was enabled to enter the business of distributing as well as manufacturing Ethyl fluid, with a substantial advantage over potential competitors when the Ethyl patent monopoly ended.

75. During the period prior to 1938, du Pont Company's profits on the manufacture and sale of tetraethyl lead in this protected market approximated \$34,000,000. From 1938 to 1947, Ethyl paid du Pont

Company an additional \$47,000,000 in payment for its services in the manufacture of tetraethyl lead. These sums received by du Pont Company do not include profits which it realized in the production of the basic ingredients utilized in the manufacture of tetraethyl lead and Ethyl fluid.

(b) *Refrigerants*

76. During the latter part of the 1920's General Motors' research department made discoveries of and secured patent applications on certain fluorine compounds (refrigerant) which would be of great use in connection with electric refrigeration. These discoveries were of particular significance to General Motors because, through its Frigidaire Division, it was engaged in the manufacture and sale of electric refrigerators whose successful operation depended in large part on the type of refrigerant used in the mechanism. The newly discovered refrigerant was a material improvement over those then on the market.

77. General Motors, pursuant to the understanding it had with du Pont Company, promptly advised du Pont Company of the discovery of the new refrigerant. Du Pont Company thereupon advised General Motors that as the discovery was in the chemical field, it should be handled by du Pont Company rather than by General Motors. The latter company acceded to du Pont Company's demands.

78. In or about 1930, General Motors and du Pont Company entered into an agreement to set up a third corporation, Kinetic Chemicals, Inc., to handle both

the manufacture and the sale of the new refrigerant and to further developments in the field. The new company was organized with du Pont Company securing 51 per cent of its common stock and General Motors being allocated the minority share of 49 per cent. General Motors gave the new company an exclusive license under the patents which General Motors had secured.

79. Since the organization of Kinetic Chemicals, Inc. it has been operated by du Pont Company as a division of its Organic Chemicals Department and has been wholly under the control and direction of du Pont Company. The Frigidaire Division of General Motors has, pursuant to the terms of the hereinbefore described understanding and agreement between General Motors and du Pont Company, purchased its requirements of refrigerants exclusively from Kinetic.

80. During a part of the time covered by this conspiracy, Kinetic sold its patented refrigerants exclusively to the Frigidaire Division of General Motors, and pursuant to agreement with that company refused to sell such refrigerants to other manufacturers of electric refrigerators. Thereafter, Kinetic sold certain forms of its patented refrigerants to companies other than General Motors but reserved other and preferred forms of such refrigerants exclusively for use by and sale to the Frigidaire Division of General Motors. Substantially all of the refrigerants used by General Motors have been purchased by it from Kinetic or from persons through whom Kinetic sells.

5. Agreements relating to reciprocity

81. The expansion in size, power and market control of du Pont Company at the expense of competitors has been aided through its use of the weapon of reciprocity demands and pressure against suppliers of General Motors.

82. Shortly after du Pont Company acquired control of General Motors, the two companies entered into an understanding under which General Motors provided du Pont Company with detailed information as to the companies which were suppliers of General Motors and the amounts and the volume of goods which such suppliers sold General Motors. General Motors supplied this information to du Pont knowing that such company intended to use this information to induce suppliers of General Motors to reciprocate by purchasing from du Pont Company the products which it produced. Later this general arrangement between du Pont and General Motors was formalized under an agreement between the two companies which provided that whenever a high executive of du Pont desired information concerning suppliers of General Motors the request for such information should be directed to a designated high executive of General Motors who would secure the specific information and furnish it to du Pont Company.

83. The du Pont Company made it known to suppliers in various ways that if they desired to continue to do business with General Motors, it would be advisable for such suppliers to buy from du Pont Company those materials manufactured by du Pont Company which were needed in connection with the

manufacture of the products which the suppliers produced.

6. Expansion of du Pont through its control of General Motors

84. du Pont Company's present investment in General Motors stock, which at current market prices is worth in excess of \$500,000,000, was acquired by it at a cost of approximately \$47,000,000. du Pont Company has received approximately \$676,000,000 in dividends from its General Motors stock during the period from 1918 to 1947, inclusive. In addition, as hereinbefore alleged, du Pont Company has realized both substantial competitive advantage and great profit from the exclusion of competitors from the opportunity of competing for General Motors' business and from the substantial monopolization of said business by du Pont Company. Illustrative of the many competitive advantages, in addition to enhanced profits and other income, which accrued to du Pont from its control over General Motors, was the assured availability of a substantial and noncompetitive market for any product usable by General Motors which du Pont might contemplate manufacturing, and du Pont Company's exclusive access to the results of General Motors research and experimentation in numerous fields of potential du Pont expansion.

85. du Pont Company has utilized the dividends from General Motors' stock, the profits derived from its sales in the closed General Motors market, and the many competitive advantages arising from its control over General Motors, to expand its operations in its existing fields of production, and into fields new to it.

This expansion has been in large measure accomplished by the acquisition of independent companies, as well as by the organization of new companies in partnership with other interests. The following are illustrative of these du Pont Company acquisitions and expansions during the period of the conspiracy herein:

86. In 1917 du Pont acquired Beckton Chemical Company, Bridgeport Wood Finishing Company, Cauley Clark & Co., and Harrison Brothers & Co., Inc., all in the paint and varnish industry.

87. In 1918 du Pont acquired the Flint Varnish and Color Works (General Motors held a minority interest in this company which du Pont bought out in 1923) and the New England Oil Paint & Varnish Co., these companies also being in the paint and varnish field. The Flint and Color Works specialized in the production of finishes for automobiles.

88. In 1919, du Pont acquired a 43.8 per cent stock interest in Canadian Explosives, Ltd. (whose name was changed in 1927 to Canadian Industries, Ltd.), with the bulk of the remaining stock in that company being acquired by the Nobel interests of Great Britain, who occupied a position in the field of powder and explosives in Great Britain similar to that occupied by du Pont Company in the United States.

89. In 1920, du Pont acquired full control of the du Pont Fabricoid Company (maker of artificial leather) in which it had acquired a part interest in 1915. In 1920 du Pont also, with certain French interests, formed the du Pont Fiber Silk Company (60 per cent owned by du Pont) to manufacture rayon.

Later, the name of this company was changed to the du Pont Rayon Company, with du Pont Company acquiring full control in 1929.

90. In 1923, the du Pont Company and French interests organized the du Pont Cellophane Company, with du Pont acquiring 52 per cent of the capital stock.

91. In 1924, du Pont acquired the business and assets of General Explosives Company. In the same year, du Pont Company acquired 63 per cent of the capital stock of Lazote, Inc., which was formed to manufacture synthetic ammonia under patents owned by French interests. Later (1926), du Pont Company's stock interest in Lazote, Inc. was merged into a new company, du Pont National Ammonia Company (in which du Pont acquired a majority of the stock), with the latter acquiring a 100 per cent stock ownership in National Ammonia Company, Inc., a leading distributor of anhydrous ammonia to the refrigeration trade, and a 79 per cent stock interest in Pacific Nitrogen Company. In 1928 du Pont Company acquired the minority interest in du Pont National Ammonia Company and acquired additional stock in Lazote, Inc., bringing its interest in that firm up to 89 per cent and thereupon dissolved the du Pont Ammonia Company. Through ownership of National Ammonia Company, du Pont Company had a 74 per cent interest in Michigan Ammonia Works and a majority interest in Pacific Ammonia and Chemical Co., and in 1929 secured full control of Lazote with all of the assets of the ammonia business being thereafter

consolidated under the du Pont Ammonia Corporation. The assets of these ammonia companies were later taken over by the parent company.

92. In 1924, du Pont formed the du Pont Pathe Film Manufacturing Corporation (name changed in 1931 to du Pont Film Manufacturing Corporation), with French interests, with du Pont Company acquiring all of the preferred stock and 51 per cent of the common. In 1928 it acquired full control of the company.

93. In 1925, du Pont formed the du Pont Viscoloid Company, which took over the celluloid plants of the du Pont Company and a plant of the Viscoloid Company, with du Pont Company receiving 83 per cent of the common stock of du Pont Viscoloid Company and acquiring full control in 1928.

94. In 1925, du Pont acquired a 50 per cent stock interest in Eastern Alcohol Corporation, which was formed jointly with Kentucky Alcohol Corporation to construct an alcohol plant at Deepwater Point, New Jersey. In 1931, du Pont acquired full control of Eastern Alcohol Corporation.

95. In 1927, du Pont acquired the assets and business of Excelsior Powder Company.

96. In 1928, du Pont acquired a 50 per cent stock interest in Bayer-Semesan Co., Inc., which was formed jointly with Winthrop Chemical Company.

97. In 1928, du Pont acquired, through a subsidiary, du Pont Viscoloid Company.

98. In 1928, du Pont acquired a 50 per cent interest in the Old Hickory Chemical Company, which was

organized in conjunction with other interests to manufacture carbon bisulphide at Old Hickory, Tennessee.

99. In 1928, du Pont acquired the Grasselli Chemical Company, which operated 23 plants in the production of acids and heavy chemicals, lithopone, and other pigments, zinc and zinc products, and other products. The acquired company's Canadian plant and business were transferred to Canadian Industries, Inc., its acid and heavy chemicals business were turned over to a newly formed company, the Grasselli Company, and the explosives plants and business of the acquired company were combined with the corresponding department of du Pont.

100. In 1929, du Pont acquired Krebs Pigment and Chemical Company, a leading manufacturer of lithopone. Later, Krebs Pigment and Color Corporation was formed to consolidate Krebs Pigment and Chemical Company, the pigment and dry color operations of Grasselli Company and the titanium pigment business of Commercial Pigments Corporation, which was owned by Commercial Solvents Company. The Grasselli Chemical Company owned 70 per cent of the stock of the new company and Commercial Solvents 30 per cent, with the latter interest being acquired by du Pont Company in 1934.

101. In 1930, du Pont acquired the assets and business of the Roessler and Hasslacher Chemical Company of New York, manufacturers of a large number of important chemicals. (In the same year, du Pont acquired a 51 per cent interest in Kinetic Chemicals, which was formed jointly with General Motors Corporation.)

102. In 1931, du Pont acquired the dyestuffs and organic chemical properties and business of the Newport Company and through this acquisition, acquired a 72 per cent common stock interest in Acetol Products, Inc., manufacturers of Cel-O-Glass. The latter company was subsequently dissolved and its assets taken over by du Pont.

103. In 1932, du Pont acquired a 55 per cent interest in Gardinol Corporation, which was formed jointly with Procter & Gamble Company to exploit cleaning materials in the textile industry.

104. In 1933, du Pont acquired 94 per cent of the preferred stock and 51 per cent of the common stock of Remington Arms Company, Inc., in which du Pont's voting stock interest was later increased to approximately 60 per cent.

105. As a result of du Pont Company's subsidized and protected expansion program, it became, during the period of the conspiracy herein, the largest producer of explosives and chemicals in the United States. Indicative of the extent of du Pont Company's growth by the illegal means herein alleged is the fact that its annual sales increased 2,300 per cent from 1910 to 1947, rising from approximately \$34,000,000 in 1910 to approximately \$783,000,000 in 1947.

7. Expansion of General Motors through favored treatment by du Pont

106. Since the date when du Pont Company purchased a controlling interest in General Motors the latter company has expanded its operations into many fields other than the manufacture and sale of passenger cars and trucks. In each of these new fields, as well

as in the original field of passenger cars and trucks, General Motors has acquired a dominating position.

107. Each expansion by General Motors into a new field was first approved by the du Pont Company. In many instances du Pont initiated the entry of General Motors into the new field. In order to place General Motors in a position of competitive advantage in each of the fields in which it was engaged, and to assure General Motors a rapid expansion, du Pont, for many years from and after 1926, gave General Motors a secret rebate on all purchases made by General Motors from du Pont over and above the volume which General Motors had theretofore normally purchased from du Pont.

108. Under the 1926 rebate agreement, du Pont agreed to give General Motors a rebate of $7\frac{1}{2}$ per cent on the first million dollars of purchases made by General Motors from du Pont in excess of \$8,000,000; an additional 10 per cent rebate on the next million dollars of purchases; a rebate of $12\frac{1}{2}$ per cent on the next million dollars of purchases; and a rebate of 15 per cent on all additional purchases. These discounts were over and above the normal discounts ordinarily allowed by du Pont to its customers for quantity purchases.

109. Du Pont Company financed its rebate arrangements with General Motors by raising the prices which it charged to customers other than General Motors. Because disclosure of the arrangement would require du Pont to reduce its prices on sales to customers other than General Motors and discontinue its rebates to General Motors, du Pont Company made it clear

to General Motors that it was imperative that the rebate arrangement and all its details be kept strictly secret and confidential.

110. This rebate plan was approved by the Executive Committee of du Pont Company, although the plan was not made a matter of record in the official minutes of such committee. Under the plan, du Pont Company for many years paid rebates to General Motors. Such rebates were distributed to the various operating divisions of General Motors on the basis of volume of purchases made from du Pont. Said discriminatory and preferential secret rebates paid to General Motors by du Pont contributed in substantial part to General Motors' expansion in the automotive field, and in fields new to it.

111. The expansion of General Motors, approved and initiated by du Pont Company, substantially enlarged the protected and noncompetitive market available to du Pont and du Pont's profits therefrom, and substantially increased the income accruing to du Pont Company as dividends from General Motors' stock. As alleged in the preceding subsections hereof, said profits and income were utilized to subsidize the expansion of du Pont Company.

C. Acquisition and exercise of control by du Pont family over United States Rubber

1. Acquisition of stock

112. In or about 1927, the defendants Pierre, Lam-mot, and Irene du Pont, together with Henry B. du Pont, Lam-mot du Pont Copeland, and certain of the other members of the du Pont family and their close

business associates who controlled du Pont Company, formed a syndicate for the purpose of purchasing sufficient of the capital stock of United States Rubber Company to give the members of the syndicate control over that company.

113. At the time the syndicate was organized, its members knew that United States Rubber Company, although one of the largest manufacturers of rubber products in the United States, was in financial difficulties. United States Rubber had an excessive inventory of rubber and had been unable to sell any substantial number of tires and tubes to General Motors or other automobile manufacturers for original equipment use, one of the most important outlets for rubber products.

114. The syndicate commenced its buying operations in June 1927, and by December of 1927, had purchased approximately 150,000 shares of United States Rubber common stock. By agreement among the members of the syndicate these shares were held by trustees, including defendants Lam-mot and Irene du Pont, and by these trustees voted as a block at meetings of the stockholders of United States Rubber.

115. In December 1929, the members of the syndicate organized the Rubber Securities Company as a personal holding company for the purpose of consolidating their existing holdings of United States Rubber stock and of increasing these holdings. Members of the syndicate became stockholders in Rubber Securities Company, which purchased the United States Rubber holdings of the members of the syndicate, together with additional shares of United States Rubber

Company common stock which were purchased through brokers. By the end of December 1929, Rubber Securities held approximately 314,000 shares of United States Rubber Company common stock and 46,000 shares of preferred stock, acquired at a cost of approximately \$8,277,000 and \$2,306,000, respectively, a total of \$10,583,000.

116. The Rubber Securities Company held these shares of stock intact until November 1937. At that time the stockholders of Rubber Securities began exchanging their stock in that company for the United States Rubber common and preferred stock which it held. The exchange was completed by December 1, 1938, and on that date Rubber Securities was dissolved. Since December 1, 1938, the shares of United States Rubber common and preferred stock which had been held by Rubber Securities Company have been held individually by the persons who were stockholders in Rubber Securities Company, or their successors in interest, and such holdings have been maintained substantially intact by defendant individuals and class defendants. The persons now holding the United States Rubber stock, which was distributed as a result of the dissolution of Rubber Securities Company, are, in the main, the same persons who hold a controlling interest in the stock of Delaware Realty and Christiana Securities Company.

2. Control over United States Rubber

117. The stock acquisitions which the syndicate had made by the end of 1927 were sufficient to give the

syndicate control over United States Rubber. This control was utilized to make drastic changes in the Board of Directors of United States Rubber. Of the fourteen persons who were on the Board of Directors of that company immediately prior to the beginning of the syndicate's stock purchase operations, four were replaced by joint action of the members of the syndicate in 1928, and another six were replaced in the following year, leaving only four of the original directors remaining on the Board. These four were thereafter replaced. In 1928, the members of the syndicate agreed upon and secured the appointment of Francis B. Davis, Jr., as President of United States Rubber and as a member of its Board of Directors. For many years prior thereto, Francis B. Davis, Sr., had been one of the top executives of du Pont Company and had also served for a number of years in a high executive capacity with the defendant General Motors Company by designation of the du Pont Company. The members of the syndicate also instituted a bonus plan for United States Rubber executives which was similar in nature and designed to achieve the same results as the hereinbefore described bonus plan for General Motors executives. Throughout the period of time that the bonus plan for United States Rubber executives has been in operation, the allocation of benefits and the determination of the amount of such allocation has been made by a committee dominated by persons selected by defendant individuals and class defendants. As an inevitable and intended consequence of the operation of the plan, United States

Rubber executives have responded readily to the influence and desires of du Pont Company.

118. Since in or about 1928 the defendant individuals and the class defendants who hold United States Rubber stock have, by agreement and understanding among themselves, controlled the selection of the members of the Board of Directors of United States Rubber, and no person has been elected to membership on that Board without the approval of the said individual defendants and those class defendants who held United States Rubber common stock.

119. The defendant individuals and class defendants have for many years past held, either directly or through personal holding companies and trusts, approximately 300,000 (or 17 per cent) of the 1,761,092 shares of outstanding common stock of United States Rubber.

120. The common stock of United States Rubber, other than that held by defendant individuals and class defendants, is distributed among approximately 14,000 other stockholders who are located all over the United States, as well as in foreign countries. The concentrated stockholdings in United States Rubber of defendant individuals and the class defendants, as contrasted to the dispersed and small holdings of approximately 14,000 other stockholders, enables the defendant individuals and those class defendants who own United States Rubber stock to control the selection of members of the board of directors, the administration and the policies of United States Rubber.

3. Reciprocal preferences between du Pont Company and United States Rubber

121. Beginning in or about 1928, after the syndicate had taken over control of United States Rubber, that company instituted, by agreement and understanding with defendant individuals, the class defendants and du Pont Company, the policy of giving preference to du Pont Company over its competitors in making purchases of products which were produced by the du Pont Company. It was agreed that United States Rubber would purchase from du Pont Company all or substantially all of its requirements of products produced by du Pont Company, and would refrain in whole or in major part from purchasing such products from competitors of du Pont Company. It was further understood and agreed that du Pont Company, when it purchased products of the kind produced by United States Rubber, would purchase all or substantially all of such products from United States Rubber. The policy originally established by such agreements was modified to permit each of these companies to purchase limited amounts from competitors of the other. This was done in order to prevent their respective business relations with other firms from being jeopardized by adhering too rigidly to a policy of total exclusion of competitors from the opportunity of securing some of the business of each of these defendant companies.

4. Reciprocal relations between United States Rubber and General Motors

122. Prior to 1929, United States Rubber had sold practically no tires and tubes to General Motors for

use as original equipment on General Motors' cars and trucks, although General Motors was one of the largest of such buyers in the United States. This type of business was regarded by tire and tube manufacturers as being highly desirable because purchasers of motor vehicles tended to purchase replacement tires and tubes of the same make as those which came as original equipment with the car.

123. In 1929 General Motors, because of the stock acquisition by the members of the Du Pont family as alleged, began giving United States Rubber a substantial portion of the General Motors business for original equipment tires and tubes. In that year, General Motors arbitrarily granted United States Rubber a minimum of 30 per cent of the tire business of Pontiac Division and a minimum of 15 per cent of the tire business of the Oakland Division, as well as certain other tire business with the other automotive divisions of General Motors. The grant of this business was made by General Motors in the face of opposition from the sales department of certain of the Divisions and from their dealer organizations.

124. Prior to 1929, the General Motors subsidiary in Canada had, on direct orders of its parent company, been purchasing all of its requirements of tires and tubes from a tire company in which Canadian Industries, Inc., had an interest. (du Pont Company had approximately 44 per cent interest in the voting stock of Canadian Industries, Inc.) In 1929, on orders from the parent company, the Canadian subsidiary began buying approximately 50 per cent of its requirements of tires and tubes for original equip-

ment from the Canadian subsidiary of United States Rubber.

125. During 1930, by agreement among the defendants, General Motors and its subsidiaries continued to purchase an increasingly large number of tires and tubes from United States Rubber for use on original equipment. On January 1, 1931, General Motors and United States Rubber entered into a long term contract under the terms of which General Motors agreed on behalf of itself and its subsidiaries and affiliates, including its Canadian subsidiary, to purchase at least 50 per cent of its requirements of original equipment tires and tubes, including spare tires, from United States Rubber. General Motors agreed that it would discourage its dealers and distributors from removing such tires from General Motors cars and trucks and substituting tires manufactured by companies other than United States Rubber. A supplementary agreement entered into between the two companies shortly after the primary agreement was executed increased General Motors percentage of purchases from United States Rubber by providing for the purchase from United States Rubber of 100 per cent of the tire requirements of the Oldsmobile, Oakland, Pontiac, and GMC truck divisions, and 65 per cent of the requirements of the Cadillac and La Salle divisions of General Motors.

126. The foregoing agreements provided that General Motors would carry the risk and responsibility of purchasing the rubber and cotton to be used in the manufacture of the tires which it was to purchase from United States Rubber. The agreements also

provided that United States Rubber would actually make the purchases as "agent" for General Motors, and that General Motors would then resell to United States Rubber at cost plus not to exceed 12½ per cent, the rubber and cotton which United States Rubber had itself purchased on General Motors' account. By this means, the agreements provided for the payment to General Motors of a rebate on the price which it paid to United States Rubber for tires and tubes, in an amount equal to 12½ per cent of the cost of the rubber and cotton used therein.

127. In addition to the substantial rebate to be paid to General Motors as profit on fictitious sales of cotton and rubber, the General Motors—United States Rubber contract of 1931 provided for substantially lower prices to General Motors than were to be made available to other purchasers of tires and tubes from United States Rubber. Provision was made within the contract to conceal its terms not only from other United States Rubber customers, but from General Motors employees as well. The contract provided that tires and tubes delivered under the contract were to be built by United States Rubber to the several car and truck divisions of General Motors at fictitious prices which were substantially higher than the true prices. General Motors agreed that its divisions would pay United States Rubber the fictitious prices so billed, and that thereafter United States Rubber would rebate to General Motors the difference between the true price and the fictitious price. This arrangement was carried into effect.

128. An agreement supplementary to the primary agreement of January 1, 1931, provided for special

prices on spare tires purchased by General Motors for use as original equipment in addition to the running tires. This agreement provided that the first spare tire was to be sold by United States Rubber to General Motors at prices materially below the price of the running tires while "second spare" tires were to be provided free of any charge for cars which were to be exported and for cars manufactured by those divisions of General Motors which purchased their entire requirements of tires from United States Rubber.

129. Although varied in detail from time to time, the agreements of 1931 remained in effect until 1933. In that year a new long term purchase agreement was entered into between United States Rubber and General Motors, guaranteeing United States Rubber substantially the same proportion of General Motors' original equipment tire business as had been allocated to United States Rubber in the earlier agreement, but making minor modifications in the pricing formulas. Under the 1933 agreement the prices to be charged by United States Rubber to General Motors were not to be in excess of the lowest prices being charged by United States Rubber and its three principal competitors to General Motors or to any other original equipment purchaser. But in a separate letter agreement, United States Rubber agreed to give General Motors the following discounts:

<i>Volume of sales</i>	<i>Discount</i>
\$10,000,000 -----	\$825,000
\$11,000,000 -----	940,000
\$12,000,000 -----	1,050,000
\$13,000,000 -----	1,200,000

<i>Volume of sales</i>	<i>Discount</i>
\$14,000,000-----	\$1,350,000
\$15,000,000-----	1,500,000
And up-----	10 per cent

130. Thereafter, a disagreement arose between General Motors and United States Rubber as to the amount of rebate which the latter could pay to General Motors and still leave United States Rubber sufficient return to cover its costs. On December 17, 1934, the differences were resolved by a further agreement providing that United States Rubber would guarantee to General Motors a firm discount, to be paid whether or not the net prices paid by General Motors were sufficient to cover United States Rubber's cost of production, and further providing that United States Rubber would rebate to General Motors one-half of any profits in excess of 10 per cent which it realized on sales to General Motors over and above \$15,000,000 annually.

131. From time to time thereafter the amount of the guaranteed discount to be paid to General Motors by United States Rubber was revised and slight changes made with respect to the percentage of the requirements of the various divisions of General Motors which United States Rubber would supply. In August 1936, the 1933 agreement was further modified to provide that General Motors would buy from United States Rubber 75 per cent of original equipment tires for all divisions except Chevrolet and GMT, and 55 per cent of the requirements of Chevrolet and 66 $\frac{2}{3}$ per cent of the requirements of GMT. United States Rubber agreed to charge General Motors the lowest price available to any purchaser of tires and

tubes as original equipment for automobiles from any manufacturer, and in addition agreed to grant General Motors discounts ranging from 1 $\frac{1}{2}$ per cent on sales of \$3,000,000 to 3 $\frac{1}{2}$ per cent on sales of \$21,000,000 and over. A supplemental agreement provided that General Motors' Canadian subsidiary would purchase at least 50 per cent of its requirements from United States Rubber's Canadian subsidiary. These agreements were in effect to January 31, 1942, when they were discontinued because of the wartime emergency. At the conclusion of the war, General Motors resumed its purchases of tires and tubes from United States Rubber on substantially the same basis as had prevailed before the war.

132. Availability of the guaranteed noncompetitive General Motors' market for a tremendous quantity of tires and tubes has enabled United States Rubber to advance from a position of financial distress to one of profit and power. United States Rubber's direct sales to General Motors during the period 1934 to 1943, approximated \$402,000,000. Use of United States Rubber's products as original equipment on General Motors cars also resulted in a proportionate rise in sales of United States Rubber tires and tubes for replacement use.

133. The preferential prices and secret rebates granted to General Motors by United States Rubber, which were unavailable to General Motors' competitors, contributed substantially to the enhancement of the size, power, and market control of General Motors. In addition, as a result of the activities in the acquisi-

tion and exercise of control over United States Rubber herein alleged, du Pont Company's expansion has been directly subsidized by profits from closed market sales to United States Rubber (amounting to over \$72,000,000 during the period 1938 to 1947) and indirectly subsidized through the hereinbefore alleged advantages accruing directly to General Motors.

VI.

EFFECTS OF THE CONSPIRACY

134. The aforesaid agreements and concerted action by the defendants pursuant to and in furtherance of the combination and conspiracy alleged in this Complaint, have had the effects, as intended by the defendants, of permitting the individual and class defendants to acquire control of du Pont Company in perpetuity through their family holding companies, defendants Christiana and Delaware; of acquiring control of General Motors by du Pont Company; of acquiring control of United States Rubber Company by the individual and class defendants; of requiring each defendant manufacturer to purchase its requirements of the products of each of the other defendant manufacturers in a substantially closed market, thus depriving outside suppliers of an opportunity to compete freely for such business; of increasing the size of such closed market by using the reciprocal benefits of interlocking control, and closed market buying; of increasing the size and competitive position of each of the defendant manufacturers by intercompany subsidization made possible by such interlocking control and reciprocal buying and selling arrange-

ments; of expanding still further the market of each defendant manufacturer by requiring that the outside suppliers of one or more of such defendant manufacturers purchase products from the other defendant manufacturers on the basis of reciprocity, thus depriving such suppliers of an opportunity to purchase their requirements in a free market; of eliminating competition among defendant manufacturers by dividing manufacturing fields between them on an exclusive basis; of enhancing the competitive position of each defendant manufacturer by selling among themselves products manufactured by one and used by the others at discriminatory and preferential prices, and selling to outsiders at higher prices, all of which practices have had the effect of unreasonably restraining and monopolizing the trade and commerce in which each manufacturing defendant is engaged, in violation of Sections 1 and 2 of the Sherman Act and of Section 7 of the Clayton Act.

PRAYER

WHEREFORE, the Plaintiff prays:

1. That pursuant to Section 5 of the Sherman Act, a summons issue to each of the defendants commanding such defendant to appear and answer the allegations contained in this complaint and to abide by and perform such orders and decrees as the Court may make in the premises.
2. That the aforesaid combination and conspiracy, contracts, agreements, arrangements, and understandings in unreasonable restraint of trade and commerce, and conspiracy to monopolize, be adjudged and decreed to be unlawful and in violation of Sections 1

and 2 of the Sherman Act, and of Section 7 of the Clayton Act; and that the Court adjudge and decree that the defendants and each of them have combined and conspired to restrain and to monopolize interstate trade and commerce in violation of Sections 1 and 2 of the Sherman Act and Section 7 of the Clayton Act, as charged.

3. That the defendant du Pont Company be enjoined from paying to its stockholders in the form of stock dividends or otherwise the General Motors stock which du Pont Company holds, and be required promptly to dispose by sale of all of its holdings of such stock in General Motors, and promptly thereafter to pay to its stockholders in cash dividends the entire proceeds of such sale.

4. That pending the aforesaid sale of such stock by defendant du Pont Company, it be enjoined from exercising any voting rights under such stock.

5. That the defendants Christiana and Delaware be enjoined from paying to their stockholders in the form of stock dividends or otherwise any of the voting stock which they hold in General Motors, and be required promptly to dispose by sale of their holdings of such stock, and promptly thereafter pay to their stockholders in cash dividends the entire proceeds of such sales.

6. That pending the aforesaid sale by Christiana and Delaware of such stock, they be enjoined from exercising any voting rights under it.

7. That the defendant General Motors be given the option, for a period of one year, to purchase all or any part of the voting stock of General Motors held

by du Pont Company, Christiana and Delaware, the defendant individuals and the class defendants.

8. That the defendants Christiana, Delaware, the individual defendants, and the class defendants be enjoined from purchasing or otherwise acquiring any of the voting stock of General Motors which is disposed of by du Pont Company, Christiana and Delaware, and be enjoined from establishing, aiding in the establishment, designating, appointing, nominating, or instructing any subsidiaries, holding companies, trustees, designees or others to acquire such stock on behalf of said defendants, either directly or indirectly.

9. That the defendants Christiana, Delaware, the individual defendants, and the class defendants be enjoined from in any way aiding or assisting, whether by loans, gifts, or otherwise, any member of the du Pont family not included in this proceeding, as an individual defendant or class defendant in the acquisition of any of the aforesaid stock which du Pont Company Christiana and Delaware are required as aforesaid to dispose of.

10. That the individual defendants and the class defendants be required to sell or otherwise dispose of all of their voting stock in General Motors and United States Rubber, however it may be held; be enjoined from establishing, aiding in the establishment, designating, appointing or nominating other companies or persons to acquire such stock and hold it beneficially for any one or more of such individual defendants or class defendants or any other member of the du Pont family; and be enjoined from disposing of any of such

stock, whether by gift, devise, trust agreement, or otherwise, to or for the benefit of any member of the du Pont family.

11. Pending the sale or other disposition by the individual defendants and class defendants of their voting stock in General Motors and United States Rubber, that such individual defendants and class defendants, and any persons or corporations holding such stock for the beneficial interest of any individual defendant or class defendant, be enjoined from exercising voting rights under it.

12. That the defendant United States Rubber be given the option for a period of one year, to purchase all or any part of the voting stock of United States Rubber held or beneficially held by any defendant individual or class defendants.

13. That defendants du Pont Company, Christiana, Delaware, the individual defendants, and the class defendants be perpetually enjoined from acquiring any capital stock in General Motors or United States Rubber Company, or any company in which either of such companies has a stock or financial interest.

14. That the individual defendants and the class defendants be enjoined from in any way aiding or assisting, whether by loans, gifts, or otherwise, any member of the du Pont family not included in this proceeding as a party, in the acquisition of capital stock in General Motors, United States Rubber, or any company in which such companies have any financial interest.

15. That the defendant du Pont Company be required to divest itself of its business of making

tetraethyl lead, ethyl fluid, ethyl chloride, and be perpetually enjoined from reentering such business.

16. That the defendant General Motors be required to divest itself of all interest in the Ethyl Corporation, but in so doing be enjoined from disposing of such interest as it has to du Pont Company, or any of the other defendants or class defendants.

17. That the defendants du Pont Company and General Motors each be required to divest themselves of their respective interests in Kinetic Corporation.

18. That the individual defendants and class defendants be perpetually enjoined from acquiring any stock or other financial interest, either directly or indirectly, through personal holding companies or otherwise, in any of the foregoing enterprises which are required to be divested by any of the defendants, and that they further be enjoined from aiding any other member of the du Pont family by loans, gifts, or otherwise, to acquire any stock or other financial interest in any of such enterprises.

19. That defendants General Motors and United States Rubber each be enjoined from allowing any person to be a member of its Board of Directors, who, at any time during the period from January 1, 1915, to the date of the entry of the final judgment in this cause, was a director, officer, or an employee of du Pont Company.

20. That General Motors, United States Rubber, and du Pont Company each be enjoined from permitting any person, who during the period from 1915 to the date of the entry of the final judgment in this cause was or had been an officer, director, or an employee of

any one of the others of such defendant companies, from serving as an officer or director of the company subject to the injunction.

21. That du Pont Company, General Motors, and United States Rubber, their subsidiaries, successors, and assigns each be perpetually enjoined from acquiring or holding capital stock in any one of the others, or in any company in which such other defendant has a stock or financial interest.

22. That each and every contract between du Pont, General Motors, United States Rubber, or any of them, relating to the sale of goods, the grant of licenses or agreements to license under patents or applications for patents, or agreements providing for the exchange of know-how and information, be canceled.

23. That the plaintiff have such further, general, and different relief as the nature of the case may require and the Court may deem proper in the premises.

24. That the Plaintiff have the costs of this suit.

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