

Lapeyre, Jr., individually, as copartners trading and doing business as The Peelers Company, and as representatives of all of the partners in The Peelers Company, and their agents, representatives, and employees, directly or indirectly, through any existing or succeeding corporation, partnership, sole proprietorship, or other device, in connection with the distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of any shrimp peeling, cleaning and separating machinery or improvements thereto now or hereafter controlled by respondents, do forthwith cease and desist from:

(1) Discriminating between lessees of such machinery by charging higher rental or use rates to any lessee than are charged to any other lessee.

For the purposes of this proceeding, lease or rental terms which result in any lessee paying a higher rate than the rate charged any other lessee for use of respondents' machines for the same period of time or through the same number of mechanical revolutions or operations shall be deemed discriminatory.

(2) Discriminating between foreign and domestic shrimp processors by refusing to sell such machinery to domestic processors upon the same terms and conditions afforded to foreign processors.

*It is further ordered,* That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with the order to cease and desist contained herein.

Commissioner Elman's views are stated in a separate opinion. Commissioner Reilly did not participate for the reason that he did not hear oral argument.

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IN THE MATTER OF

GEORGIA-PACIFIC CORPORATION ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF SEC. 7 OF  
THE CLAYTON ACT

*Docket C-751. Complaint, June 4, 1964—Decision, June 4, 1964*

Consent order prohibiting the Nation's sixth largest producer of coarse paper—which, between 1947 and 1963 had acquired at least 45 lumber, plywood and paper companies—and its wholly owned subsidiary from acquiring, without prior Commission approval, any company engaged in producing, converting or selling (1) coarse paper or finished products thereof or (2) container-

board or its products for a period of 10 and 7 years, respectively, with exceptions as stated; and requiring them annually to make available or sell to independent jobbers and converters for 5 years at least 100,000 tons of coarse paper per year (the approximate amount produced at the Crossett, Ark. mill, acquired in 1962), and, for the succeeding 5 years, 75,000 tons annually, all at delivered prices offered by its named major competitors.

#### COMPLAINT

The Federal Trade Commission has reason to believe that the above-named respondents have acquired the assets and stock of The Crossett Company, a corporation, in violation of Section 7 of the Clayton Act, as amended, (U.S.C. Title 15, Sec. 18); and therefore, pursuant to Section 11 of said Act, it issues this complaint, stating its charges in that respect as follows:

#### I.

##### DEFINITIONS

1. For the purposes of this complaint, the following definitions shall apply:

a. "Coarse paper" is a category of paper generally relating to the packaging and wrapping field, where a flexible type of packaging material is appropriate or desirable, including but not limited to, wrapping, bag and sack papers and converting paper.

b. "Kraft paper" is a high strength bleached or unbleached coarse paper made by the sulphate process, which constitutes the vast majority of all coarse paper.

c. "Grocers bags and sacks" are bags and sacks, made from Kraft coarse paper, used primarily by retail food stores to package groceries for customers.

#### II.

##### Respondents

2. Respondent Georgia-Pacific Corporation is a corporation organized and existing under the laws of the State of Georgia, with its principal office located in Portland, Oregon.

3. Respondent Georgia-Pacific Paper Corporation, a wholly owned subsidiary of Georgia-Pacific Corporation, is a corporation organized and existing under the laws of the State of Delaware, with its principal office and place of business located at Crossett, Arkansas. Georgia-Pacific Corporation and its wholly owned subsidiaries are hereinafter sometimes referred to as Georgia-Pacific.

4. Georgia-Pacific is, and for many years has been, engaged in the manufacture and sale of various forest products, including but not

limited to, lumber and plywood, Kraft coarse paper, container board, grocers bags and sacks, corrugated products and hardboard.

5. In 1947, Georgia-Pacific had net sales of \$24,075,982 and total assets of \$6,466,844. By 1962, net sales had increased to \$324,987,000 and total assets climbed to \$476,996,000. The major part of the great increase in the sales and assets of Georgia-Pacific between 1947 and 1963 resulted from Georgia-Pacific's acquisition of at least 45 lumber, plywood and paper companies for which Georgia-Pacific paid a combined consideration of approximately \$584,714,000.

6. Georgia-Pacific entered the paper industry in 1958 with the construction of a mill for the production of Kraft pulp, Kraft coarse paper, and container board at Toledo, Oregon. This mill represented an initial investment of approximately \$21,000,000 and when completed had a daily capacity of 250 tons of such coarse paper and container board. In 1960, this capacity was enlarged to 600 tons daily, and is currently being expanded to 800 tons. In 1962 this mill produced about 47,000 tons of Kraft coarse paper and 143,579 tons of Kraft container board. Prior to July, 1962 coarse paper produced at this mill was marketed principally on the West Coast; however, regular and substantial shipments were made to the Midwest and to the East.

7. In 1961, Georgia-Pacific acquired the Imperial Bag and Paper Company (Imperial), a manufacturer of grocers bags and sacks, with its plant located at Pine Bluff, Arkansas. Imperial had been a purchaser of Kraft coarse paper. In 1961, sales of grocers bags and sacks manufactured at the former Imperial plant amounted to \$3,037,841. Such sales were made principally in the Midwest.

8. In 1962, Georgia-Pacific maintained 58 manufacturing plants located in the western, midwestern and southern regions of the United States. It distributes its line of over 250 forest products through at least 74 company-owned distribution sales branches (warehouses) located in 33 states and 50 other sales offices located throughout the United States. Kraft coarse paper and other paper products accounted for about 22% of Georgia-Pacific's sales in 1962.

9. At all times relevant herein, Georgia-Pacific sold and shipped Kraft coarse paper, grocers bags and sacks, as well as other forest products, in interstate commerce.

### III.

#### The Crossett Company

10. Prior to July 1962, The Crossett Company was a corporation organized and existing under the laws of the State of Arkansas with its principal offices in Crossett, Arkansas.

11. At the time of its acquisition, The Crossett Company and its subsidiaries (Crossett), were, and for many years had been, engaged in the manufacture and sale of various forest products, including but not limited to, Kraft coarse paper, grocers bags and sacks, variety bags, shopping bags, bleached foodboard, softwood lumber, and hardwood flooring.

12. Crossett sold Kraft coarse paper throughout the eastern and midwestern United States.

13. In 1961, the year prior to its acquisition, Crossett had total sales of \$49,176,000 and total assets of \$71,420,124. Kraft coarse paper and other paper products accounted for 72% of Crossett's annual sales.

14. In 1961, at its paper mill in Crossett, Arkansas, Crossett produced 132,000 tons of Kraft coarse paper. This mill has as its source of supply a 565,000 acre forest on the Arkansas-Louisiana border, containing an estimated 2.5 billion board feet of timber. Crossett further operated a bleached foodboard mill, a lumber mill, a newly constructed flakeboard mill, and three chemical plants in connection with this forest.

15. Through a wholly owned subsidiary at Covington, Kentucky, Crossett manufactured and sold grocers bags and sacks. Crossett's total sales of grocers bags and sacks, in 1961, were \$4,659,383.

16. Crossett sold grocers bags and sacks to customers located principally in Ohio, Indiana, Illinois, Michigan, Kentucky, Tennessee and western Pennsylvania.

17. At all times relevant herein, Crossett sold and shipped Kraft coarse paper, grocers bags and sacks, as well as other forest products, in interstate commerce.

#### IV.

##### The Nature of Trade and Commerce

18. In general, grades of paper fall within the following categories: coarse, fine and newsprint. The production and sale of "coarse paper" and "grocers bags and sacks" are, respectively, the two relevant lines of commerce for the purposes of this case.

19. The coarse paper industry in the United States is substantial. In 1958 total shipments of 3,644,000 tons of coarse paper had a value of \$712,491,000. In 1962, total production of coarse paper was 4,197,499 tons.

20. There has been a marked increase in concentration in the coarse paper industry in the United States since 1952. This increase in concentration is largely attributable to numerous mergers of coarse paper producers, and acquisitions by coarse paper producers of paper bag and sack manufacturers, the principal consumers of coarse paper.

21. Moreover, the coarse paper industry in the United States is highly concentrated. With the acquisition of Crossett in 1962, Georgia-Pacific ranked sixth among the producers of coarse paper. In that year, the eight largest companies accounted for approximately 58% of the total United States production of coarse paper; the largest twelve companies accounted for about 70% of such production.

22. For the purposes of this case, the relevant sections of the country are:

a. As to the manufacture and sale of coarse paper, the United States as a whole, or relevant sections thereof, and,

b. As to the manufacture and sale of grocers bags and sacks:

That section of the United States east of the Mississippi River, plus the States of Minnesota, Iowa, Nebraska, Missouri, Kansas, Arkansas, Oklahoma, Texas, and Louisiana, or that section of the country comprised of western Pennsylvania and the States of Ohio, Indiana, Illinois, Michigan, Kentucky and Tennessee, or both of them.

#### Violation of Section 7 of the Clayton Act

23. In July, 1962, Georgia-Pacific Paper Corporation, and through it, Georgia-Pacific Corporation, acquired in excess of 99% of the outstanding stock of Crossett for a cash consideration of approximately \$125,356,386.

24. The effect of the acquisition of Crossett by respondents may be substantially to lessen competition or to tend to create a monopoly in the manufacture and sale of coarse paper, and grocers sacks and bags, in the sections of the country set forth in Paragraph 22 above, in the following ways, among others:

a. Crossett has been eliminated as an independent competitive factor in the manufacture and sale of coarse paper, and of grocers bags and sacks;

b. Actual and potential substantial competition between Georgia-Pacific and Crossett in the manufacture and sale of coarse paper, and of grocers bags and sacks, has been eliminated;

c. Concentration in the coarse paper industry in the United States as a whole has been substantially increased;

d. Entry into the coarse paper industry may be inhibited or discouraged;

e. Concentration in the manufacture and sale of grocers bags and sacks has been substantially increased, and the entry of new manufacturers may be inhibited or discouraged;

f. The trend of acquisitions and mergers in the coarse paper industry has been or may be encouraged and stimulated;

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## Decision and Order

g. The integration of coarse paper producers with converters of coarse paper has been or may be increased;

h. Georgia-Pacific's financial and market strength has been enhanced to the detriment of its smaller competitors.

*Now therefore*, The acquisition of Crossett by respondents, as above alleged, constitutes a violation of Section 7 of the Clayton Act, as amended.

## DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of Section 7 of the Clayton Act, as amended, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, and admission by the respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having considered the agreement, hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent, Georgia-Pacific Corporation is a corporation organized and existing under the laws of the State of Georgia with its office and principal place of business located at Equitable Building, Portland, Oregon.

Respondent, Georgia-Pacific Paper Corporation, is a corporation organized and existing under the laws of the State of Delaware with its principal office and place of business located at Crossett, Arkansas.

Georgia-Pacific Paper Corporation is a wholly owned subsidiary of Georgia-Pacific Corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents.

## ORDER

*It is ordered*, That (i) for a period of ten (10) years from the date of service upon them of this Order, respondents shall cease and desist from acquiring, directly or indirectly, through subsidiaries or other-

