

during the regular hours of the respondents' business for inspection and copying.

*It is further ordered,* That the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current business or employment in which they are engaged as well as a description of their duties and responsibilities.

*It is further ordered,* That the respondents herein shall within sixty (60) days after service upon them of this order file with the Commission a report, in writing, signed by such respondents, setting forth in detail the manner and form of their compliance with this order.

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IN THE MATTER OF

BERGEN BRUNSWIG CORPORATION

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION AND TRUTH IN LENDING ACTS

*Docket C-2463. Complaint, Oct. 4, 1973—Decision, Oct. 4, 1973.*

Consent order requiring a Los Angeles, California, wholesale distributor of druggists' sundries, among other things to cease knowingly inducing or receiving discriminatory payments. Respondent is further required to provide each person or organization invited to participate in its trade shows, a copy of this order for a period of five (5) years.

*Appearances*

For the Commission: *John E. Passarelli, Ronald J. Dolan and Daniel R. Kane.*

For the respondent: *Douglas Chadwick, Los Angeles, Calif. and Murray J. Laulicht, Lowenstein, Sandler, Brochin, Kohl & Fisher, Newark, N.J.*

COMPLAINT

The Federal Trade Commission, pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, having reason to believe that Bergen Brunswig Corporation, a corporation, has violated and is now violating the provisions of Section 5 of the Federal Trade Commission Act (U.S.C., Title 15, Section 45), and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in respect thereto as follows:

## Complaint

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## Bergen Brunswig Corporation

PARAGRAPH 1. Respondent Bergen Brunswig Corporation, is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office located at 1900 Avenue of Stars, Los Angeles, California.

PAR. 2. Respondent is now, and has been for many years, engaged in the wholesale distribution of, among other products, druggists' sundries with total sales of such products in excess of \$58 million for the fiscal year ended August 31, 1971.

## Trade and Commerce

PAR. 3. Respondent, in the course and conduct of its business has been and is now engaged in commerce, as "commerce" is defined in the Federal Trade Commission Act. Respondent purchases a great variety of products from a large number of suppliers located throughout the United States and causes such products to be transported from various States in the United States to the warehouses of its twenty-four (24) sales divisions in other states for resale to retail drugstores located throughout the United States.

PAR. 4. In the course and conduct of its business in commerce, respondent is now and has been in competition with other corporations, persons, firms and partnerships in the purchase, sale and distribution at wholesale of druggists' sundries.

## COUNT I

## Respondent's Trade Shows

PAR. 5. Respondent solicits suppliers of druggists' sundries to display their merchandise at respondent's trade shows which are held annually throughout the United States. Suppliers who wish to participate are required to rent booths from respondent for purposes of displaying such merchandise. A substantial number of respondent's suppliers participate in one or more of these trade shows and many rent more than one booth at each show. In 1971, suppliers who participated in respondent's trade shows paid respondent approximately \$178,152 to rent booths.

PAR. 6. During respondent's trade shows, agents, employees or representatives of the participating sundries suppliers also perform valuable services, specifically, staffing the booths rented by suppliers from respondent and demonstrating and promoting

the suppliers' products. In addition, some suppliers give door prizes.

PAR. 7. Respondent's trade shows are attended by many of its retail drugstore customers who purchase the displayed merchandise from or through respondent.

#### Violation

PAR. 8. Some of respondent's suppliers who participated in respondent's trade shows in 1971 did not offer and otherwise make available to all their customers competing with respondent in the sale and distribution of their respective products, payments, allowances, services, or other things of value, for advertising and promoting such products on proportionally equal terms to those granted respondent in connection with its trade shows.

PAR. 9. Therefore, respondent has induced and received or received from some of its suppliers, payments, as set forth in Paragraph 5 above, and services or facilities, as set forth in Paragraph 6 above, in connection with respondent's sale, or offering for sale, of products sold to respondent by such suppliers which respondent knew or should have known were not made available by such suppliers on proportionally equal terms to all other customers of such suppliers competing with respondent, including customers who do not purchase directly from such suppliers, in the sale and distribution of such products.

Such acts and practices constitute unfair methods of competition in commerce in violation of Section 5 of the Federal Trade Commission Act (15 U.S.C. Section 45).

#### COUNT II

PAR. 10. The allegations of Paragraphs 1 through 7 are incorporated herein by reference.

PAR. 11. Respondent, in the normal course of business, provides volume discounts to its customers of druggists' sundries which, at customer's option, may be applied to the acquisition of points in respondent's Travelcade program under which accumulated points are applied to a vacation sponsored and paid for by respondent.

PAR. 12. In connection with respondent's 1971 trade shows respondent offered additional Travelcade points to customers making purchases at said trade shows based on their volume of purchases.

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PAR. 13. Respondent's offering or granting said Travelcade bonus points to attending trade show customers, as set out in Paragraph 12, may tend to foreclose respondent's competitors in wholesale distribution of druggist's sundries from competing for the business of retail druggists who attend respondent's trade shows. Such acts and practices, therefore, constitute unfair methods of competition in commerce in violation of Section 5 of the Federal Trade Commission Act (15 U.S.C. Section 45).

## DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings.

1. Respondent Bergen Brunswig Corporation, is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office located at 1900 Avenue of Stars, Los Angeles, California.

2. The Federal Trade Commission has jurisdiction of the

subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

*It is ordered,* That respondent, Bergen Brunswig Corporation, a corporation, and its officers, representatives, agents and employees, successors and assigns, directly or indirectly, through any corporate or other device, in or in connection with the purchase in commerce, as "commerce" is defined in the Federal Trade Commission Act, of products for resale by the respondent, or in connection with any other transactions between respondent and its various suppliers involving or pertaining to the regular business of the respondent in purchasing, promoting, advertising, distributing and selling commodities and products in commerce, as "commerce" is defined in the Federal Trade Commission Act, shall cease and desist from:

1. Inducing and receiving, receiving or contracting for the receipt of anything of value from any supplier of druggists' sundries as compensation or in consideration for services and facilities furnished by or through respondent in connection with the processing, handling, sale or offering for sale of such supplier's products at respondent's trade shows, when respondent knows or has reason to know that such compensation is not affirmatively offered and otherwise made available by such supplier on proportionally equal terms to all of its other customers competing with respondent, including customers who purchase from intermediaries and compete with respondent in the resale of such supplier's products.

2. Inducing and receiving, receiving or contracting for the receipt of, the furnishing of services or facilities, including but not limited to inducing prizes or gifts awarded to retail druggist customers attending respondent's trade shows, connected with respondent's offering for sale or sale of such products so purchased, when respondent knows or has reason to know that such services or facilities are not affirmatively offered or otherwise made available by such supplier on proportionally equal terms to all of its customers who purchase from intermediaries and compete with respondent in the resale of such supplier's products.

*It is further ordered,* That respondent shall cease and desist from offering or providing to its customers, directly or indirectly,

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any material inducement, monetary or otherwise, to attend its trade shows whenever such customers' receipt of the inducement depends upon their purchases or volume of purchases of merchandise from respondent.

*It is further ordered,* That a copy of this order shall be delivered to each person or organization invited to participate in any trade show sponsored, organized or held by respondent, at the time such invitation is extended, for a period of five (5) years from the date of service of this order.

*It is further ordered,* That respondent notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of the order.

*It is further ordered,* That respondent shall forthwith distribute a copy of this order to each of its operating wholesale drug divisions.

*It is further ordered,* That respondent shall, within sixty (60) days of service of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which it has complied with the order.

*It is further ordered,* That the effective date for compliance with this order shall commence September 1, 1973.

## IN THE MATTER OF

## URBAN REDEVELOPMENT, INC.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION ACT

*Docket C-2464. Complaint, Oct. 4, 1973—Decision, Oct. 4, 1973.*

Consent order requiring a New Orleans, Louisiana, real estate developer, among other things to cease representing that structures, facilities, or other improvements are in existence on any of respondent's land, when, in fact, none exist.

*Appearances*

For the Commission: *Donald M. VanWart.*

For the respondent: *Benjamin B. Sannders, Huddleston & Davis, New Orleans, La.*

Complaint  
COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Urban Redevelopment, Inc., a corporation, hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. The respondent Urban Redevelopment, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Louisiana with its principal office and place of business located at 225 Baronne Street, New Orleans, Louisiana.

PAR. 2. Respondent, using the name Chateau Estates, is now and for some time in the past has been engaged in the advertising, offering for sale and sale of real estate located in Kenner, Louisiana, to the purchasing public.

PAR. 3. In the course and conduct of its business, respondent has been, and is engaged in disseminating and causing to be disseminated in newspapers of interstate circulation, and in television broadcasts of interstate transmission, advertisements designed and intended to induce sales of its real estate. The amount expended by respondent upon such advertising is substantial.

PAR. 4. Among and typical, but not all inclusive of the statements appearing in the advertisements described in Paragraph Three are the following:

Chateau Estates is Renaissance, a rewarding experience. Majestic fountains and tumbling waterfalls play over a lush forest and gardens. Though only minutes away from central New Orleans, and many shopping areas, Chateau Estates is another world, where hurry and stress are unknown. 1973, July. A magnificent golf course, comparable to the world's most challenging fairways, offers eighteen holes surrounded by capricious hazards, lakes and sand entrapments. These grounds were constructed with the devoted player in mind by greens planner, Everett Alleman. David Nelson, the Resident Professional, already enjoys a high reputation among golfers. The glorious olympic pool gives plenty of elbow room to swimmers while at poolside, the perpetual golfer can leisurely line up practice shots on the putting green. Numerous tennis courts offer ample opportunity to achieve top form. After the gaming, luxurious spas are available with revitalizing saunas and massages for the weary sportsmen and their ladies. The spas also house enough exercise equipment for everybody to become beautiful. 1973, September. The Chateau's Country Club is French Renaissance in opulence and design, containing a palatial grand ballroom that recalls the lavish

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entertainment of the era. From the kitchen emanate tantalizing smells as the chef prepares delectable food. The diners of Chateau Estates will appreciate the swift, elegant service. Intimate dining rooms, banquet halls, the cocktail lounge and grill are all places of stimulating atmosphere. Full time catering delivers assorted delicacies to the door for private entertainment.

PAR. 5. By and through the use of the above quoted statements and representations, and others of similar import and meaning, but not expressly set out herein, respondent has represented, and is now representing, directly or by implication that:

1. Chateau Estates has existing fountains, existing waterfalls, and an existing forest and gardens.
2. Chateau Estates has an existing 18 hole golf course.
3. Chateau Estates has an existing olympic pool.
4. Chateau Estates has existing tennis courts.
5. Chateau Estates has existing saunas and spas.
6. Chateau Estates has an existing country club, containing an existing grand ballroom, an existing kitchen, and an existing cocktail lounge.

PAR. 6. In truth and in fact:

1. Chateau Estates does not have existing fountains and existing waterfalls, nor does it have an existing forest and gardens.
2. Chateau Estates does not have an existing 18 hole golf course.
3. Chateau Estates does not have an existing olympic pool.
4. Chateau Estates does not have existing tennis courts.
5. Chateau Estates does not have existing saunas and spas.
6. Chateau Estates does not have an existing country club containing existing grand ballroom, existing kitchen, and an existing cocktail lounge.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof, were and are false, misleading and deceptive.

PAR. 7. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and to enter into agreements to purchase substantial amounts of real estate by reason of said erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the



public and constituted, and now constitute, unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

#### DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the New Orleans Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedures prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Urban Redevelopment, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Louisiana, with its principal office and place of business located at 225 Baronne Street, New Orleans, Louisiana.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent and the proceeding is in the public interest.

#### ORDER

*It is ordered,* That respondent Urban Redevelopment, Inc., a corporation, and respondent's agents, representatives, employees, successors and assigns, directly or through any corporation, sub-

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subsidiary, division or other device, in connection with the offering for sale, sale or distribution of real estate, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

Representing by any means, directly or by implication that any structures, facilities or other improvements are presently in existence on any of respondent's land or in any of respondent's real estate developments when such structures, facilities or other improvements do not presently exist; *Provided however*, That this order shall not be construed to prevent the description of proposed and planned structures, facilities or other improvements where such description clearly and conspicuously discloses that such structures, facilities or improvements are not presently in existence and further, as part of the description, discloses the reasonably expected completion date for such structures, facilities or improvements.

*It is further ordered*, That respondent or its successors or assigns notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporate respondent which may affect compliance obligations arising out of this order.

*It is further ordered*, That the respondent distribute a copy of this order to all firms and individuals involved in the preparation, creation, or placing of advertising of respondent's real estate.

*It is further ordered*, That the respondent herein shall, within sixty (60) days after service upon it of this order file with the Commission a report in writing setting forth in detail the nature and form of its compliance with this order.

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IN THE MATTER OF

GENERAL MILLS, INC.

DISMISSAL ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF SEC. 7 OF THE CLAYTON ACT AND THE FEDERAL TRADE COMMISSION ACT

*Docket 8836. Complaint, Feb. 16, 1971—Order & Opinion, Oct. 5, 1973.*

Order dismissing complaint against a Minneapolis, Minn. producer of packaged consumer foods which was alleged to have violated Section 7 of the Clayton Act and Section 5 of the Federal Trade Commission Act,

by its acquisition of a processor and marketer of frozen packaged seafoods.

#### Appearances

For the Commission: *Joseph J. O'Malley, Murray L. Lyon and Harold G. Munter.*

For the respondent: *Davis Polk & Wardwell, New York, N.Y. and John Finn, Minneapolis, Minn.*

#### COMPLAINT

The Federal Trade Commission, having reason to believe that General Mills, Inc., has acquired the Gorton Corporation, in violation of Section 7 of the Clayton Act, as amended, (15 U.S.C., Section 18), hereby issues this complaint pursuant to Section 11 of the Clayton Act (15 U.S.C., Section 21) and Section 5(b) of the Federal Trade Commission Act (15 U.S.C., Section 45(b)), stating its charges in that respect as follows:

#### I

#### DEFINITIONS

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

(a) *Food Manufacturing* describes canning, dehydrating, refrigerating and freezing preserved packaged foods customarily sold to consumers through grocery stores and food service outlets.

(b) *Food Service Outlets* are those outlets involved in serving food away from home such as hotels, restaurants, drive-ins, schools and institutions.

(c) *Frozen Packaged Seafood* consists of seafood packed for distribution in one of various types of containers including cartons and preserved by freezing and including fish and shellfish.

(d) *Frozen Fish Sticks*: An elongated piece of frozen fish flesh (generally cut from a frozen block of fillets) weighing not less than  $\frac{3}{4}$  of an ounce and not more than  $1\frac{1}{4}$  ounces with the largest dimension at least three times that of the next largest dimension.

(e) *Frozen Fish Portion*: A frozen piece of fish flesh generally of uniform size and generally cut from a frozen block of fillets. It has a thickness, including the batter, of  $\frac{3}{8}$  of an inch or more, and does not conform to the definition of a fish stick.

(f) *Frozen Fillet*: A flat slice of frozen fish flesh without bone.

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(g) *Frozen Steak*: A cross-section slice of a frozen fish.

(h) *Frozen Breaded Shrimp*: Frozen peeled shrimp coated with breading ingredients. The product may be identified as fantail (butterfly) and round with or without tail fins and last shell segments; and as portions, sticks, steaks, etc., when prepared from a composite unit of two or more shrimp pieces, whole shrimp or a combination of both without fins or shell.

## II

## RESPONDENT

2. General Mills, Inc., (GMI), respondent herein, is a corporation organized and existing under the laws of the State of Delaware, with its office and principal place of business at 9200 Wayzata Boulevard, Minneapolis, Minn.

3. GMI, incorporated in Delaware in 1928, is a leading producer of packaged consumer foods, preselling customers, principally housewives, through intensive advertising and promotional efforts. GMI produces such consumer items as ready-to-eat breakfast cereals, snacks, prepared mixes and family flour, which are primarily distributed through self-service food stores under the "Big G" label.

4. GMI manufactures a number of bakery mixes and other items which are marketed to members of the food service trade such as wheat gluten, wheat starch, guar and locust bean gums, wheat germ oil, spice base and multi-vitamin enrichment compounds. It also engages in grain merchandising and manufactures and markets a number of ingredient products for the dairy and other segments of the food manufacturing industry. At the same time it operates facilities to supply its own flour requirements and for sale of flour to commercial users.

5. GMI operates eight flour mills, having an aggregate daily capacity of approximately 59,100 hundredweights of flour; a food service mix plant with a daily capacity of about 160,000 pounds; seven prepared cereal mix and other packaged consumer food product plants having an aggregate daily capacity of about 5,500,000 pounds; six plants for the manufacture of specialty chemical products with floor space of about 420,000 square feet; five terminal grain elevators and a number of warehouses. Its subsidiary, the Gorton Corporation, operates plants and warehouses in ten states and Canada with total floor space of about 514,000

square feet. As of May 25, 1969, GMI employed approximately 19,700 employees.

6. For the year ended May 31, 1963, GMI and its subsidiaries' total assets were \$220,350,237, sales totaled \$523,946,000, and net earnings were \$14,912,196. For the year ended May 25, 1969 GMI and its subsidiaries' total assets were \$622,357,000, sales \$885,242,000 and net earnings \$37,547,000. During this same period the company's consumer foods products sales increased from about \$288 million to approximately \$600 million in annual sales. Between 1963 and 1969 the relative change in General Mills' consumer food products sales increased from 55 percent to 67.7 percent of total company sales.

7. GMI, directly and through various completely owned subsidiary corporations, ranks among the nation's leading manufacturers of brand differentiated food products. It is one of the largest flour milling companies in the United States, and is a leading producer of commercial flour. In packaged consumer foods, it ranks among the three largest companies in sales of breakfast cereals. GMI believes itself to be among the leaders in sales of cake mixes and other packaged convenience foods and is first by a considerable margin in sales of family flour. Its packaged food products are marketed largely through grocery stores and food service outlets.

8. As a multi-product producer, GMI enjoys substantial advantages in advertising and sales promotions. It features several products in its promotions, reducing the printing, mailing and other costs for each product. GMI purchases network programs on behalf of several products, enabling it to give each product network exposure at a fraction of the cost per product that a single-product firm would incur.

9. In 1968, GMI was ranked the sixteenth largest national advertiser and the third largest national advertiser of food. GMI's total advertising expenditures in 1968 totaled approximately \$58 million, of which about 73 percent was spent on television advertising.

10. GMI has developed, introduced and marketed successfully several packaged food products sold under the "Big G" label which include the ready-to-eat cereal brands "Cheerios" and "Wheaties," snack product brands "Whistles" and "Bugles," "Betty Crocker" prepared mixes and "Gold Medal" flour for home use. A new ready-to-eat cereal, "Lucky Charms," was claimed by GMI to be one of the fastest growing established brands in the

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industry in 1969. At the beginning of fiscal 1969-70, GMI introduced nationally a presweetened vitamin and iron fortified cereal named "Kaboom."

Among GMI's better known trade names and consumer products are the following:

Betty Crocker Bake and Other Food Products—

Cake Mixes	Muffin Mixes
Pie Crust Mixes	Potato Buds
Brownie Mixes	Noodles Romanoff
Cooking Mixes	Pancake Mixes
Frosting Mixes	Gingerbread Mix
Pound Cake	SAFF-O-LIFE Safflower Oil
Biscuit Mixes	

Bisquick Mix

Snacks—

Bugles	Buttons
Whistles	Bows
Daisys	Pizza Spins
Hotchas	

Breakfast Cereals—

Wheaties	Twinkles
Cheerios	Lucky Charms
Kix	Stax
Trix	Clackers
Jets	Country Corn Flakes
Frosty O's	Cocoa Puffs
Total	Goodness Pack
Kaboom	

Flour—

Gold Medal	White Deer
Softasilk	Red Band
Purasnow	La Pina
Sperry Drifted Snow	Red Star

Sponges—

O-Cel-O

11. GMI was formed for the purpose of acquiring several flour milling companies. Since that time acquisitions and development of new products have played essential roles in the company's growth.

Since 1963, GMI has entered into the production and sale of additional food products through a series of acquisitions of existing food manufacturers. Among such domestic acquisitions in recent years have been the following:

Year	Company	Complaint	Product or Activity
1964	Morton Foods, Inc.		Potato chips, corn chips, and other snack foods. (GMI sold most of Morton in May, 1970 keeping its pickle operation and some real estate.)
1966	Tom Huston Peanut Co.		Potato chips, corn chips, peanuts, confectionery products and other snack foods.
1967	Cherry-Levis Food Products Corp.		Sausages and pickled meat products.
1968	Jesse Jones Sausage Company		Meat Processor.
1968	The Gorton Corporation		Frozen Seafood
1969	The Donruss Co.		Bubble Gum

GMI has also diversified into other consumer related businesses by recently acquiring firms in the crafts, games, toys and clothing industries.

12. For many years prior to 1968, GMI sought entry into the frozen foods industry which is a large and expanding field. Entry into processing and marketing frozen food products is a natural evolution of GMI's steps for greater convenience to consumers, a process characterized by earlier development of prepared baked goods mixes, canned, dehydrated and refrigerated foods. GMI's leading Betty Crocker brand differentiated food products are vulnerable to inroads from frozen baked goods, entrees and convenience frozen foods. In recent years research and development in frozen and refrigerated foods has been one of the most important programs within GMI's Central Research Laboratories. New products to be developed included frozen entrees in meat, seafood and poultry.

13. At all times relevant herein, GMI sold and shipped and is now selling and shipping, products in interstate commerce throughout the United States; hence GMI was at the time of the acquisition challenged herein, and is now, engaged in commerce as "commerce" is defined in the Clayton Act and the Federal Trade Commission Act.

### III

#### THE GORTON CORPORATION

14. Prior to August 16, 1968 when it was acquired by GMI, the Gorton Corporation ("Gorton"), was a corporation organized and existing under the laws of the State of Delaware with its principal office and place of business located at 327 Main Street, Gloucester, Mass.

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15. For many years Gorton has been an established and respected New England seafood company whose brand names "Gorton's of Gloucester" and/or "Gorton's" are among the oldest seafood brands in the United States and are virtually synonymous with seafood products. Gorton was successful and growing. Its sales increased from approximately \$12 million in 1958 to approximately \$72 million in 1968. In 1968, Gorton earned over \$1.5 million net and had assets of about \$30 million.

16. Gorton processed and marketed frozen packaged foods nationally, principally fish portions, sticks and breaded shrimp, pre-selling customers, largely housewives, through advertising and other promotional efforts. Its products were marketed through retail outlets and food service outlets.

17. In 1967, Gorton ranked first among the independent companies in frozen packaged seafoods. In 1968, Gorton was the leading firm by a significant margin in the production of frozen packaged fish sticks and frozen packaged fish portions, major segments of the frozen packaged seafood industry.

18. Gorton had attained the position of largest independent producer in the frozen packaged fish and other seafood industry through the acquisition of a number of established manufacturers of branded seafood products including among others:

(a) Fishery Products, Inc. (now Blue Water Seafood, Inc.), Cleveland, Ohio, owner of "Blue Water," the leading seafood brand in the food service industry;

(b) Red L Foods Corporation, Providence, Rhode Island, owner of "Red L" a leading brand of frozen prepared foods and seafood dinners;

(c) Fulham Brothers, Inc., Boston, Massachusetts, owner of a full-line dominant brand of seafood, "Four Fishermen;"

(d) Florida Frozen Food Processors Inc., Miami, Florida, owners of the outstanding "Tropic Fair" brand in the institutional breaded shrimp market;

(e) Bayou Foods, Inc., Mobile, Alabama, owner of the leading "Bayou" brand of frozen crab specialties;

(f) Trans World Seafood, Inc., New York, New York, a leading importer of seafood products;

(g) Point Chehalis Packers, Inc., Westpoint, Washington, an established producer of canned and frozen crab and salmon.

19. Gorton began diversifying outside the seafood industry in 1966 with the acquisition of Freeborn Farm, Inc., a producer of



