



Autoquip, Inc.
N57 W13430 Reichert Avenue
Menomonee Falls, WI 53051
PH: 262/781-6133 FAX: 262/781-6188
www.aqautomation.com

November 11, 2014

Federal Trade Commission
Office of the Secretary
Constitution Center
400 Seventh Street, SW
Room 5610
Washington, DC 20024

Re: Graco Application for Approval of Divestiture to Carlisle Companies

Ladies and Gentlemen:

Autoquip, Inc. respectfully offers the comments set forth below in response to the Commission's October 30, 2014, invitation for comments on the Application of Graco Inc. for approval of its proposed divestiture of industrial liquid finishing equipment assets to the Carlisle Companies, Inc. Graco proposes this divestiture to comply with the Commission's Decision and Order of October 6, 2014, in FTC Docket No. 9350.

As an integrator and competitor of Graco in the industrial liquid finishing equipment business, Autoquip welcomes Graco's proposed divestiture of the assets in question to Carlisle Companies. Autoquip submits this comment for the sole purpose of urging clarification of one provision of the proposed divestiture plan as discussed at page 11 of Graco's Application of October 17, 2014: Graco's and Carlisle's proposed commitment to implement "antitrust compliance training programs to mitigate" any concerns relating to the fact that "two Carlisle officers previously worked for Graco" and to "avoid any perception of entanglement" in that regard. Graco refers to this "mutual commitment" as "memorialized in Article 6.6 of the Asset Purchase Agreement" ("APA"). The referenced APA article, however, is more qualified than its description in the Application: the article says only that "for so long as is reasonably requested by the FTC (but, in any event, not exceeding two (2) years)," Graco and Carlisle "shall maintain and participate in any FTC-required antitrust compliance programs related to the transactions contemplated hereby."

While Autoquip applauds the general idea of a commitment to antitrust compliance programs, such programs will be inadequate in this instance if limited to concerns over improper

“entanglement” between Graco and Carlisle. More specifically, the required compliance programs should also address antitrust concerns related to Graco’s dealings with industrial liquid finishing equipment distributors. This is because, as the Commission recognized in its litigation filings on this matter in 2011, Graco has had a history of coercing and otherwise improperly pressuring distributors into refusing to deal with Graco competitors, and this conduct has seriously impeded competition generally in this market.

Indeed, Graco itself appeared to acknowledge concerns of this nature in its own December 15, 2011, bulletin to distributors describing commitments it was prepared to offer in this regard as part of a settlement of the Commission’s challenge to the proposed acquisition of ITW finishing equipment assets. The commitments would have included confirmation “in writing to each Graco finishing distributor that its agreement is non-exclusive and that there are no restrictions on the manufacturers, customers or integrators with regard to whom they choose to deal.”

We also note that Graco has significant recent experience in implementing an antitrust compliance program directed at avoiding coercion or other improper pressure on distributors as a result of the obligations placed on it last year in a separate Commission consent order addressing its conduct in another market that it also dominates, the market for fast-set equipment used to install foam insulation. See Decision and Order in FTC Docket No. C-4399. We also note that the compliance program obligation imposed by that Order, as set forth in Order Par. IV, continues throughout the 10-year duration of that Order.

For all of the reasons set forth above, we urge Commission clarification that (a) the compliance program obligation that it will require Graco to implement in connection with its industrial liquid finishing equipment business will include protections against improper coercion or pressure on distributors and (b) the duration of that obligation will extend for 10 years. I would be pleased to discuss this request and respond to any related questions that the Commission or its staff may wish to raise with me in the days ahead. Thank you for your consideration of these comments.

Sincerely,

/ Michael Elberson
President
Autoquip, Inc.

cc: Elizabeth Piotrowski, Esq.
Peter Richman, Esq.