PLAINTIFF'S EXHIBIT WH-45

Antitrust Fines Rise to $1,924,500 In 20 Electrical Equipment Cases

One Individual Still to Be Sentenced; GE Draws Heaviest Levy, $437,500

By a WALL STREET JOURNAL Staff Reporter

PHILADELPHIA—U.S. District Judge J. Cullen Ganey imposed additional fines of $993,000 in electrical equipment price fixing cases as sentencing was practically finished. Only one individual, unable to appear in court yesterday, is still to be sentenced.

In two days of sentencing in the Government's largest criminal antitrust action, Judge Ganey imposed fines of $1,924,500 on 29 manufacturers and 44 officials of companies in 20 cases.

Total corporate fines were $1,787,000, with General Electric Co. topping the list with fines of $437,500 in 19 cases, followed by $372,500 for Westinghouse Electric Corp., also in 19 cases.

Seven executives were fined and ordered to jail for one month, beginning next Monday. The jail sentences were handed down Monday.

Twenty three officials were given one-month suspended sentences, plus probation for five years and fines. Of these, five were sentenced yesterday.

Never before had such a mass of criminal antitrust litigation been disposed of without trials, according to Government attorneys. Sentencing followed the entry of final pleas of guilty and no defense by all defendants in December and January.

The cases arose from indictments returned by four Federal grand juries, beginning February 16, 1960. Each indictment covered a separate group of products, involving an aggregate annual sales volume of over $1.7 billion by Government calculation.

At the conclusion of sentencing, Baddia J. Rashid, chief of the antitrust division's trial section, told the court he felt the Government cases would foster free competition, in keeping with the intent of the Sherman Antitrust Act. He said, "Economic freedom in this country should be no less an ideal than political freedom."

Corporation Fines

Other than G.E. and Westinghouse, total fines received by corporations, with number of cases in parentheses, were:

Allis-Chalmers Manufacturing Co. (9), $127,500; McGraw-Edison Co. (7), $95,000; I-T-E Circuit Breaker Co. (9), $92,500; Square D Co. (2), $75,000; Federal Pacific Electric Co. (4), $85,000; H. K. Porter Co., Inc. (4), $50,000; Cutler-Hammer, Inc. (2), $45,000; Ohio Brass Co. (4), $45,000; Allen-Bradley Co. (1), $40,000;

Moloney Electric Co. (3), $35,000; Southern States Equipment Corp. (2), $30,000; Wagner Electric Co. (3), $27,000; Clark Controller Co. (1), $25,000; Joslyn Manufacturing & Supply Co. (2), $25,000; Cornell-Dubilier Electric Corp. $2,000, R. W. Ayres, Jr. manager in GE's low voltage switchgear department, $2,000; W. T. Pyle, sales manager of the switchgear devices section, assembled switchgear and devices department of Westinghouse, $1,500; Frank E. Stehlik, general manager of GE's low voltage switchgear department, $2,500; and J. T. Thompson, sales manager of Westinghouse's assembled switchgear and devices department, $2,000.

Sentencing of William H. Schiek, manager of power circuit breaker sales in GE's high voltage switchgear department, was postponed when Mr. Schiek's lawyer pleaded ill health on behalf of his client, who did not appear before the court.

Quicker, Less Dramatic Sessions

Yesterday's sentencing was briefer and less dramatic than Monday's five-hour session, even though 14 of the 20 cases were handled. Less than a dozen individuals were up for sentencing yesterday, compared with three dozen Monday. Most cases yesterday were in the Government's "less serious" class. There were no jail terms, other than the suspended sentences, handed down yesterday.

There were a few touches of humor, including one bobble by Judge Ganey that produced a round of laughter. This occurred just after the Government finished making recommendations for sentencing in a case involving power capacitors. It was then time for the defendants' attorneys to present arguments for mitigation of sentences. Instead, Judge Ganey launched into sentencing, announcing Cornell-Dubilier Corp. was fined $20,000.

Approaching the bench, Cornell-Dubilier attorney Jacob Imberman of New York gestured to indicate he had something to say. Judge Ganey quickly apologized, and added, with a smile: "I had this all worked out so well," referring to the list of fines he was prepared to read off. Mr. Imberman proceeded with a few arguments for his client, but the sentence was not changed.

Judge Ganey created a stir when he sentenced L. W. Long of Allis-Chalmers to a suspended one year term. When the one year was called to Judge Ganey's attention, he changed the suspended sentence to one month.

Most individuals appearing yesterday were men who held positions lower that the majority of those sentenced Monday. Judge Ganey took considerable note of this, and it showed up in the generally lighter sentences yesterday.

Shows Lack of Sympathy

Judge Ganey again indicated his lack of sympathy for company officials, even if they were taking orders from superiors, as claimed. Attorney Henry T. Reath argued his client, M. A. DeFerranti of GE had been, from time to time, under orders of superiors. Mr. DeFerranti also made repeated attempts to cut prices in his department, Mr. Reath said.

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C. H. Wheeler Manufacturing Co. (1), $20,000; Worthington Corp. (1), $20,000; A. B. Chance Co. (2), $17,500; Sangamo Electric Co. (2), $17,500; Lapp Insulator Co., Inc. (2), $15,000; Schwager-Wood Corp. (1), $15,000; Hubbard & Co. (2), $10,000; Kuhlman Electric Co. (1), $10,000; Carrier Corp. (1), $7,500; and Porcelain Insulator Corp. (1), $7,500; Porcelain Insulator is now a subsidiary of Joslyn Manufacturing.

Officials Fined

At yesterday's sentencing, officials given suspended 30-day jail sentences, with fines also shown, were: M. A. DeFerranti, former general manager, distribution transformer department of GE, $3,500 fine; Gordon C. Hurlbert, manager, distribution transformer department of Westinghouse, $2,000 fine; Clarence E. Burke, general manager of GE's high-voltage switchgear department, $3,500 fine; L. W. Long, assistant general manager in Allis-Chalmer's power equipment division, $1,500 fine, and J. W. Stirling, manager of Westinghouse's power circuit breaker department, $1,500 fine. Mr. Long had received a one-month suspended term in another case Monday, along with 18 others.

The following fines were imposed on individual defendants: W. R. Swoish, sales manager, Pennsylvania transformer division of McGraw-Edison, $3,500; A. R. Waehner, director of transformer sales, line material industries division of McGraw-Edison, $1,500; Joel Watkins, vice president and manager, transformer division of Kuhlman Electric, $2,500; Royce C. Crawford, manager of marketing, high voltage switchgear department, GE, ty of those sentenced Monday. Judge Ganey took considerable note of this, and it showed up in the generally lighter sentences yesterday.

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Judge Ganey said there was something to be said for Mr. DeFerranti's price cutting attempts and acknowledged that evidence showed he acted on orders. "But here again is the classical company man," Judge Ganey commented. "He balmed his conscience for a salary of $60,000 a year."

Mr. Reath said Mr. DeFerranti was one of more than two score GE men who were disciplined by the company for price-fixing activity and that his client felt GE's discipline "was extremely unfair." The discipline amounted to a demotion, with a 30% pay cut. He was general manager of the distribution transformer department. Mr. Reath said Mr. DeFerranti recently resigned from GE, having found another job.

Also referring again to GE's disciplinary moves against his clients was Philadelphia Attorney Edwin P. Rome. He said Clarence E. Burke, former general manager of GE's high voltage switchgear equipment, was reduced four levels by the company for price-fixing activity, with a $30,000 cut in salary.

GE issued a statement yesterday on the company's relationship with the 17 company officials who were indicted. It denied assertions that conspiratorial acts of company officials were part of a "supposed corporate way of life" at GE.

GE Statement

GE's statement said: "Although we accept in a constructive spirit justifiable criticism in this antitrust situation, the assertions that it has been either business policy or alleged conformity to a supposed corporate way of life that brought about these violations of the law is not based on fact so far as General Electric is concerned. As the record well established, the actions of these few individuals were not in conformance with company policy, but a deliberate violation of General Electric directive policy and of the expected high standards of our corporate way of life. The acts were ones of non-conformity and of conspiracy.

"To draw inaccurate generalizations based on understandable sympathy for the mistakes of a few is unfair and insupportable, as it reflects on the thousands of responsible, conscientious employes of the company."

On numerous occasions, GE has publicly denounced the price-fixing activities of company officials. However, this was the first official reply to assertions made during the cases that price fixing conspiracies with competitors, over the years, had become a corporate way of life.

Late yesterday, the Government disclosed the seven officials sentenced to 30 days in jail would serve their terms at the Montgomery County, Pa., jail at Norristown. The U.S. Government uses the county jail, paying a daily fee, in many cases where brief terms are to be served.

Still to be settled in the electrical cases are civil consent decrees, currently being negoti-

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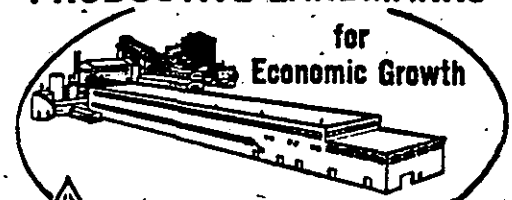
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Still to be settled in the electrical cases are civil consent decrees, currently being negotiated between trustbusters and the companies. These decrees, in effect, will enjoin the companies from price fixing, bid rigging or other non-competitive acts as charged in the criminal indictments.

The companies face the possibility of potentially costly civil damage suits from customers. Ordinarily, Federal Government agencies can sue for single damages, while other customers can sue for triple damages. Often the task of proving the extent of any alleged damages is complex and discourages customers who might want to sue, antitrust attorneys said. There have been indications, though, that some Federal agencies and state and other governmental units may sue electrical manufacturers.

American Optical to Sell Unit

SOUTHBRIDGE, Mass.—American Optical Co. has agreed to sell its wholly owned subsidiary, Hanau Engineering Co., Inc., of Buffalo, N.Y., to William Getz Corp. of Chicago. The price was not disclosed. Hanau Engineering manufacturers and distributes products for the dental trade.