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12 **UNITED STATES DISTRICT COURT**

13 **NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION**

14
15
16 HI LINE SUPPLY COMPANY LTD., on
behalf of itself and all others similarly situated,

17 Plaintiff,

18 vs.

19 AB&I FOUNDRY, TYLER PIPE
COMPANY, MCWANE, INC.,
20 CHARLOTTE PIPE AND FOUNDRY
COMPANY, and RANDOLPH HOLDING
21 COMPANY LLC,

22 Defendants.

CV 14 0265

CASE NO.

CLASS ACTION

**COMPLAINT FOR VIOLATIONS OF
THE FEDERAL ANTITRUST LAWS**

DEMAND FOR JURY TRIAL

FILED

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U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

JCS

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CLASS ACTION COMPLAINT

Plaintiff Hi Line Supply Company Ltd. (hereinafter referred to as "Plaintiff"), individually and on behalf of others similarly situated (hereinafter referred to as the "Class," as further defined below), upon personal knowledge as to the facts pertaining to itself and upon information and belief as to all other matters, brings this class action for damages and other relief pursuant to the antitrust laws of the United States, and demands a trial by jury.

INTRODUCTION

1. Plaintiff brings this antitrust class action on behalf of all persons and entities who purchased cast iron soil pipe and fittings (hereinafter collectively referred to as "CISP") directly from Defendants AB&I Foundry, Tyler Pipe Company and McWane, Inc. (hereinafter collectively referred to as "McWane"), and Defendants Charlotte Pipe and Foundry Company and Randolph Holding Company LLC (hereinafter collectively referred to as "Charlotte Pipe") within the United States, from January 1, 2006 to the present (hereinafter referred to as the "Class Period," as further defined below) for violations of the antitrust laws of the United States. These entities are collectively referred to herein as "Defendants."

2. Defendants named herein are the primary sellers and manufacturers of CISP in the United States throughout the Class Period controlling over 90 percent of the CISP market. Defendants held and continue to hold monopoly power over the CISP market in the United States. This control was secured and realized when Charlotte Pipe acquired Star Pipe Products, Ltd. (hereinafter referred to as "Star Pipe") in 2010. This acquisition was illegal in that it was undertaken to facilitate and ensure the success of the price-fixing conspiracy by substantially decreasing competition in the CISP market. As a direct and proximate result of Defendants' unlawful conduct, Plaintiff and the other members of the Class have paid artificially inflated prices for CISP and thus suffered injury of the type the federal antitrust laws are designed to prevent.

3. Starting as early as 2006, Defendants engaged in a conspiracy to fix, raise, maintain, and stabilize prices in the CISP market within the United States. Defendants engaged in collusive acts in order to manipulate the marketplace and further the unlawful conspiracy, as further described below.

1 4. In an effort to further the conspiracy, Defendants participated in the Cast Iron Soil
2 Pipe Institute or "CISPI." CISPI is a trade association made up solely of the named Defendants to
3 this class action; therefore making it easy to communicate and collude under the guise of
4 association business, events, and meetings without drawing any unwanted attention. Such CISPI
5 meetings enabled Defendants to share proprietary information about future product pricing,
6 specific customers, and other confidential information. Results of such meetings typically came in
7 the autumn months when similar, if not identical, price increases were announced by the
8 Defendants to take effect the following calendar year.

9 5. Between 2007 and 2010, Star Pipe, a small participant in the CISP market,
10 threatened to inject competition and undermine Defendants' market dominance. In 2010,
11 Charlotte Pipe, by and through its subsidiary Randolph Holding Company LLC, acquired Star
12 Pipe, thereby eliminating the competitive threat.

13 6. In an effort to preserve the conspiracy following the takeover, Charlotte Pipe sold
14 or abandoned Star Pipe's assets and permanently closed its foundries. Such actions were not
15 unheard of for Charlotte Pipe. In fact Defendants had engaged in such tactics in previous deals to
16 eliminate competitors and maintain the price-fixing conspiracy. Further, the top executives of Star
17 Pipe were required to sign non-compete and confidentiality agreements in the buyout to ensure
18 that the conspiracy would remain a secret.

19 7. Following the Star Pipe acquisition, the United States Federal Trade Commission
20 or "FTC" began an investigation into the Star Pipe acquisition. On or about April 2, 2013, the
21 FTC filed an administrative complaint against Charlotte Pipe. A subsequent Consent Agreement
22 prohibited Charlotte Pipe from engaging in certain anti-competitive activities in the future.

23 8. As a direct and proximate result of Defendants' conspiracy and anti-competitive
24 actions, the CISP market has seen no new competitors and, despite declining demand in the United
25 States, the prices for CISP have steadily increased since 2006 through the present.

26 9. Defendants' conduct alleged herein has unlawfully and unreasonably restrained
27 competition and led to artificially inflated prices for CISP.
28

JURISDICTION AND VENUE

10. Plaintiff brings this action under Sections 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15 and 26, to obtain injunctive relief and recover treble damages and costs of suit, including attorneys' fees, against Defendants for the injuries that Plaintiff and the other members of the Class have suffered from Defendants' violations of Section 1 of the Sherman Act, 15 U.S.C. § 1 and Section 7 of the Clayton Act, 15 U.S.C. § 18.

11. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1337 and Sections 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15(a) and 26, because this action arises under the federal antitrust laws.

12. Venue is proper in this District under 28 U.S.C. § 1391(b), (c) and (d) and Sections 4 and 12 of the Clayton Act, 15 U.S.C. §§ 15(a) and 22, because, during the Class Period, Defendants resided, transacted business, were found, or had agents within this District, and a portion of the affected interstate trade and commerce discussed below was carried out in this District.

13. This Court has personal jurisdiction over each Defendant because each Defendant (a) transacted business throughout the United States, including in this District; (b) sold CISP throughout the United States, including in this District; (c) had substantial contacts with the United States, including in this District; or (d) committed one or more overt acts in furtherance of their illegal price-fixing scheme and acquisition in the United States. In addition, the conspiracies and illegal acquisition alleged below were directed at, and had the intended effect of, causing injury to persons residing in, located in, or doing business throughout the United States, including in this District.

PARTIES

14. Plaintiff Hi Line Supply Company Ltd. is an Illinois corporation with its principal place of business in Peoria, Illinois. Plaintiff purchased CISP directly from one or more Defendants during the Class Period.

15. Defendant AB&I Foundry ("AB&I") is a division of McWane, Inc., with its principal place of business located at 7825 San Leandro Street, Oakland, California 94621. AB&I

1 was acquired by McWane, Inc. in late 2006 and since that time AB&I has been a division of and
2 controlled by McWane, Inc.

3 16. Defendant Tyler Pipe Company ("Tyler Pipe") is a division of McWane, Inc., with
4 its principal place of business located at 11910 County Road 492, Tyler, Texas 75706. At all
5 relevant times, Tyler Pipe has been a division of and owned and controlled by McWane, Inc.

6 17. Defendant McWane, Inc. is a Delaware corporation with its principal place of
7 business located at 1201 Vanderbilt Road, Birmingham, Alabama 35234.

8 18. Defendant Charlotte Pipe and Foundry Company is a North Carolina corporation
9 with its principal place of business located at 2109 Randolph Road, Charlotte, North Carolina
10 28207.

11 19. Defendant Randolph Holding Company, LLC is a wholly-owned subsidiary of
12 Charlotte Pipe and is a limited liability company organized, existing, and doing business under
13 and by virtue of the laws of the State of Delaware with its principal place of business located at
14 2109 Randolph Road, Charlotte, North Carolina 28207.

15 AGENTS AND CO-CONSPIRATORS

16 20. The acts alleged against Defendants in this Complaint were authorized, ordered, or
17 done by their officers, agents, employees, or representatives, while actively engaged in the
18 management and operations of Defendants' businesses or affairs.

19 21. Each Defendant acted as the principal, agent, or joint venturer of or for other
20 Defendants with respect to the acts, violation, and common course of conduct alleged by Plaintiff.

21 22. Various persons and/or firms not named as defendants in this Complaint
22 participated as co-conspirators in the violations alleged herein and performed acts and made
23 statements which aided and abetted and were in furtherance of the unlawful conduct alleged
24 herein.

25 INTERSTATE TRADE AND COMMERCE

26 23. During the Class Period, Defendants manufactured, sold and shipped CISP in a
27 continuous and uninterrupted flow of interstate commerce, including through and into this District.
28

FACTUAL ALLEGATIONS**Cast Iron Soil Pipe and Fittings**

24. CISP is primarily used in residential, commercial and industrial buildings for sanitary and storm drain, waste, and vent piping applications.

25. CISP has been used in the United States since the beginning of the 19th century, when it replaced wooden systems. In the early part of the 21st century, production of CISP fluctuated with demand and periods of new construction as it had for the prior two centuries.

26. CISP is manufactured predominantly from cast iron. Cast iron is a generic term that refers to a series of alloys primarily made of iron, carbon, and silicon. Cast iron may also contain trace amounts of other materials such as manganese, sulfur, and phosphorous. This construction allows for CISP to be versatile in its use; it can be installed above and below ground, as well as coupled with other types of piping quite easily.

27. CISP has numerous characteristics that make it particularly well-suited for drain, waste, vent, and sewer plumbing applications, including resistance to corrosion and abrasion. As a result of the latter, numerous state and local building codes require the use of CISP for certain types of construction.

28. CISP is classified into two major types; "Hub and Spigot" and "Hubless." Hubless CISP is also called "No-Hub." Hub and Spigot pipe and fittings have "hubs" into which the spigot (plain end) of the pipe or fitting is inserted. The joint is sealed with a rubber compression gasket or molten lead and oakum. The method of joining No-Hub pipe and fittings utilizes a metallic shielded hub-less coupling that telescopes over the plain ends of the pipe and fittings and is torqued to seal the joint.

29. CISP fittings include various designs and sizes, consisting of bends, tees, wyes, traps, drains, and other special fittings.

30. No-Hub pipes come in only one standard thickness. Hub and Spigot pipe comes in a standard thickness, called service weight, and also an "extra heavy" thickness.

31. Plastic pipes, such as PVC or ABS pipe, are not a substitute for CISP because CISP has several properties that plastic pipe cannot replicate, such as:

1 a. CISP's acoustical characteristics make it more effective in reducing
2 plumbing noise than other materials.

3 b. Unlike other materials, cast iron has high crush strength and resistance to
4 tree roots, penetration by rodents, and failure because of ground shifts. Unlike plastic pipe, no
5 special bedding is required to support CISP.

6 c. The thermal expansion and contraction of cast iron is far less than that of
7 other materials, such that failures from expansion and contraction due to extreme cold and heat are
8 virtually impossible. Therefore, unlike other materials, the CISP will not burn in the event of a
9 building fire.

10 **The CISP Industry**

11 32. Defendants are manufacturers of CISP and sell directly to wholesalers. Wholesale
12 purchasers, such as Plaintiff, then sell the CISP to end-users, including construction companies,
13 plumbers, and developers.

14 33. CISP, though purchased through wholesalers such as Plaintiff, is shipped
15 throughout the United States, generally by truck, directly from the Defendant manufacturers to the
16 end-users at the construction job site.

17 34. Of the total tonnage of CISP production, it is estimated that fittings constitute
18 approximately 25 percent. Standard pipe sizes are divided as follows; approximately 59 percent is
19 3-inch and 4-inch, 25 percent is 1.5-inch and 2-inch, and the balance, 16 percent, is 5-inch and
20 over.

21 35. In areas where, state, municipal and local codes require the use of CISP, as opposed
22 to plastic piping, there is no potential alternative for CISP.

23 36. According to United States Census data, value of CISP shipped in the United States
24 between 2004 and 2011 was between \$350 million and \$450 million annually.

25 **DEFENDANTS' WRONGFUL CONDUCT**

26 37. Starting on or before January 1, 2006 and continuing through the present,
27 Defendants and their co-conspirators engaged in a continuing agreement, contract, combination, or
28 conspiracy in restraint of trade for the purpose of artificially increasing and maintaining the price

1 of CISP within the United States.

2 38. In participating in this conspiracy, Defendants and their co-conspirators engaged in
3 anti-competitive conduct, the purpose and effect of which was to artificially raise, fix, maintain, or
4 stabilize the price of CISP in the United States. Such activities included the following:

5 a. Defendants communicated among themselves concerning product prices,
6 specific customers, and other confidential information;

7 b. Defendants agreed through meetings and conversations among themselves
8 to fix, raise, maintain, or stabilize prices for CISP;

9 c. Defendants, through their common participation in CISPI, effectively
10 locked out other providers of CISP from the market, thereby reducing the transparency that
11 otherwise would have allowed prices for CISP to be set on a competitive basis; and

12 d. Defendants agreed and conspired to prevent other market participants, such
13 as Star Pipe, from establishing a CISP business that could compete with Defendants.

14 39. Plaintiff and the other Class members who purchased CISP during the Class Period
15 were deprived of a competitive market and were subject to artificially inflated prices as a direct
16 and proximate result of Defendants' illegal conduct. As a direct and proximate result of such
17 conduct, Plaintiff and the other Class members suffered financial losses and were injured.

18 **Limited Number of Market Producers as a Result of Defendants' Takeover Tactics**

19 40. AB&I, Tyler Pipe, and Charlotte Pipe are the only three producers of CISP in the
20 United States. However, in reality there are only two producers as AB&I and Tyler Pipe are
21 wholly-owned by Defendant McWane, Inc.

22 41. As previously noted, Charlotte Pipe and McWane together control over 90 percent
23 of the CISP market in the United States. This control was bolstered further in 2010 with Charlotte
24 Pipe's acquisition of Star Pipe. The FTC has described the CISP market as "highly concentrated."

25 **Artificially High Barriers to Entry**

26 42. There are significant barriers to entry for any new potential entrants to the CISP
27 market. First, there are substantial costs associated with either building or acquiring a foundry as
28 well as the specialty manufacturing tools necessary to produce CISP. As an example, Star Pipe's

1 CISP assets that were acquired by Charlotte Pipe in 2010, which constituted a very small
2 percentage of the market overall, sold for \$19 million.

3 43. Second, any new potential market entrant would need to develop a distribution
4 network throughout the United States. This would include storage, trucking, wholesalers and/or
5 distributors, and even end-users.

6 44. Third, any manufacturer must be able not only to produce the most common and
7 standard CISP products, but also less popular CISP products to effectively operate and fulfill
8 requests by customers. A manufacturer without such an ability would be less likely to make
9 inroads with new customers who would still have to order products from Charlotte Pipe and/or
10 McWane.

11 **Product Standardization and Homogeneity**

12 45. CISP is a commodity-like product, and Defendants' products are produced to
13 industry-wide standards. Because all CISP is standardized and must meet strict American Society
14 for Testing and Materials requirements, manufacturers of CISP compete mainly on price. This
15 product homogeneity enhanced Defendants' ability to collude on prices and to detect deviations
16 from those collusively set prices.

17 **Artificially Created Prices Would Not Have Existed In a Competitive Market**

18 46. Price elasticity is an economic term used to describe the effects of supply and
19 demand on the price of a product in an open, competitive market. Prices are said to be "inelastic"
20 when supply and demand for a product is unaffected when the price of that good or service
21 changes. Alternatively, when there are substitutes for a particular product or service, prices will
22 generally be "elastic" – as demand will fall as prices rise because there are suitable alternatives.

23 47. Because of the standardization of CISP and anti-competitive tactics of Defendants,
24 the CISP market is very inelastic. Demand has remained constant with the construction market
25 regardless of the fact that CISP prices have been on the rise since at least 2006.

26 **Defendants Had Ample Opportunity to Collude with the Creation of CISPI**

27 48. CISPI is comprised of Defendants and their affiliated co-conspirators. Since its
28 organization in 1949, CISPI has contracted in size from 24 CISP manufacturers. Today, CISPI is

1 funded and controlled exclusively by Defendants.

2 49. As the sole members of CISPI, Defendants have had the opportunity and ability to
3 meet in private to discuss the conspiracy to fix prices, maintain market share, and exclude
4 domestic and foreign competition in the CISP market. Personnel from Defendants meet at least
5 twice annually at CISPI events. Senior officials attending these meetings include, but are not
6 limited to:

Name	Company	Position
Allan Boscatti	AB&I	President and CEO
Frank Dowd	Charlotte Pipe	CEO
Roddy Dowd	Charlotte Pipe	President (former)
Don Waugaman	Charlotte Pipe (current) Tyler Pipe (former)	Vice President of Sales
Patrick Starkey	Tyler Pipe	Vice President of Sales
Bill Bliss	Tyler Pipe	Executive Vice President
Sterling Bowman	Tyler Pipe	National Sales Manager

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14 50. The Executive Vice President of CISPI, Bill LeVan, has communicated both in
15 writing and by telephone with Defendants regularly, sometimes as often as weekly, for the
16 purpose of alerting Defendants that CISP customers were being solicited by foreign
17 manufacturers. Additionally, LeVan also has provided reports to Defendants that concerned
18 bidding and pricing information.

19 51. Following such reports from LeVan or from either Tyler Pipe or Charlotte Pipe to
20 one another, Defendants would agree to increase CISP prices prior to any public announcement.

21 52. In addition to the CISPI meetings, executives and managers for Defendants also
22 attended annual meetings and events for other trade associations, such as the American Supply
23 Association and the American Water Works Association. This provided Defendants yet another
24 opportunity to implement and maintain the anti-competitive conspiracy alleged herein.

25 **The Price-Fixing Conspiracy**

26 53. Defendants, who control almost the entire CISP market, have been engaged in a
27 price-fixing conspiracy throughout the Class Period. Price increases, incentives, and bulk
28 discounts have remained the same between Defendants since 2006.

54. Defendants' price increases have been announced within a matter of days, rarely weeks, of each other. For example, AB&I and Charlotte Pipe both announced a price increase of over eight percent in September 2010 to take effect in January 2011. Such announcements were not uncommon and this practice is exemplified by comparing prices of standard 3-inch No-Hub and Single-Hub Pipe throughout the Class Period. For example, in 2006 10-foot by 3-inch and 4-inch No-Hub pipe was priced at \$103.20 and \$134.00, respectively, by AB&I, Tyler Pipe and Charlotte Pipe. Each subsequent year thereafter, the price of all CISP offered was increased by the exact same amount. The annual increases varied year-over-year between 3.1 percent and up to 8.1 percent per year, but no matter the circumstances or reasoning given, each Defendant matched the other two Defendants to the penny throughout the Class Period.

55. Unsurprisingly, the same pattern is apparent when comparing standard Single-Hub CISP as well as other less common configurations.

56. The United States Census Bureau records monthly construction spending. This figure was at \$1,163.4 billion in January 2006 and has been constantly *declining* through January 2013, which was \$883.3 billion, or about 24 percent. During that same time period, the price of CISP has *increased* consistently between three to five percent per year and 80 percent over the Class Period.

57. Such an abnormal increase has been possible as a result of the anti-competitive conspiracy between Defendants. Specifically, rather than competing for business as in a competitive market, Defendants agreed to maintain their respective market share and limit battling for customers.

Charlotte Pipe's Acquisition of Star Pipe Sent a Clear Anti-Competition Message

58. Star Pipe attempted to enter the CISP market in 2007 to complement its other pipe-based business. This attempt was met with much resistance from the Defendants. Specifically, Star Pipe was declined membership in CISPI.

59. As Star Pipe began to bolster its position in the CISP market, Defendants had significant concerns regarding the sustainability of the conspiracy and therefore the ability to control prices of CISP without resistance. As a consequence of this threat, Charlotte Pipe took

1 control of the CISP market once again in 2010 by acquiring Star Pipe's CISP operation in its
 2 entirety and including a non-compete clause in the closing documents. Shortly after spending
 3 approximately \$19 million to acquire the Star Pipe assets, Charlotte Pipe had all such equipment
 4 destroyed.

5 60. According to a FTC Complaint, Charlotte Pipe acquired the CISP assets of other
 6 potential competitors, including Matco-Norca in 2009. If a small CISP company posed a risk of
 7 stimulating price competition in the CISP market, Charlotte Pipe would purchase the company in
 8 order to shut down production and destroy any CISP assets. The elimination of these competitors,
 9 like the activities coordinated through CISPI, has facilitated Defendants' ability to maintain and
 10 enforce their price-fixing conspiracy.

11 61. In 2013, the FTC challenged the Star Pipe acquisition, alleging that Charlotte Pipe
 12 had violated Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the
 13 Federal Trade Commission Act, as amended, 15 U.S.C. § 45. The FTC issues such complaints
 14 when it has "reason to believe that the law has been or is being violated, and it appears to the
 15 Commission that a proceeding is in the public interest." The FTC subsequently entered into a
 16 Consent Agreement with Charlotte Pipe to "address the anticompetitive effects resulting from
 17 Charlotte Pipe's 2010 acquisition of the cast iron soil pipe business of Star Pipe."

18 62. The consent agreement mandates that for the ten years following its execution,
 19 Charlotte Pipe must notify the FTC before acquiring any additional entities engaged in the
 20 manufacture or sale of CISP products in order for the FTC to "guard against future anticompetitive
 21 transactions." It further mandates that Charlotte Pipe inform its customers and the public of the
 22 acquisition of Star Pipe, as well as its previous CISP acquisitions. It also invalidates the non-
 23 compete and confidentiality clauses contained in the Star Asset Purchase Agreement.

24 ACTIVE CONCEALMENT

25 63. Defendants' unlawful conduct as alleged in this Complaint was self-concealing.
 26 Defendants, along with other co-conspirators, conspired and engaged in secret activities for the
 27 purpose of fixing, raising, maintaining, or stabilizing prices of CISP. Defendants actively
 28 concealed their participation in the conspiracy by, among other things, engaging in communication

1 and periodic meetings with representatives of other Defendants in furtherance of the conspiracy.
 2 Moreover, as detailed above, the nature of the CISP market is closed. The market lacks
 3 transparency that would have aided Plaintiff and other members of the Class in discovering the
 4 illegal conduct alleged herein.

5 64. Plaintiff and members of the Class did not discover, and could not have discovered
 6 through the exercise of reasonable diligence, the existence of the conspiracy alleged herein until
 7 on or about April 2, 2013, when the FTC's redacted complaint was filed.

8 65. Because Defendants' conspiracy was kept secret until April 2, 2013, Plaintiff and
 9 members of the Class before that time were unaware of Defendants' unlawful conduct alleged
 10 herein, and they did not know before that time that they were paying supra-competitive prices for
 11 CISP throughout the United States during the Class Period.

12 66. Defendants concealed their acts in furtherance of the conspiracy and carried them
 13 out in a manner that precluded detection. CISP is not exempt from antitrust regulation, and thus,
 14 before April 2, 2013, Plaintiff reasonably considered it to be a well-regulated, competitive
 15 industry.

16 67. Plaintiff and members of the Class had no knowledge of the alleged conspiracy, or
 17 of any facts or information that would have caused a reasonably diligent person to investigate
 18 whether a conspiracy existed, until on or about April 2, 2013, when the FTC filed an
 19 administrative complaint against Charlotte Pipe, making public its factual allegations of anti-
 20 competitive conduct in the CISP industry.

21 68. Often, Defendants shifted the blame for the price increases on rising costs of raw
 22 materials and other manufacturing costs. Such statements, generally implied in price increase
 23 announcements following CISPI meetings, were false and misleading in order to divert attention
 24 from Defendants' conspiracy. Some such communications by Defendants are as follow:

- 25 • In May 2007, AB&I told customers that "[i]t is [AB&I]'s policy to give the
 26 market as much notice as possible regarding a price increase, since
 27 contractors and others need to plan their jobs so far in advance." This
 28 statement was misleading because advance notice of price increases was

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also important to ensure that the conspirators would adhere to their price-fixing agreement and implement price increases on the same date.

- In March 2008, AB&I falsely told customers that its price increase was “simply a cost pass-through” because earlier increases were insufficient to cover the rise in scrap iron prices. AB&I indicated that “it has become necessary to increase prices to recover these added costs of production.” AB&I indicated that future price increases might be necessary to cover cost changes.
- In November 2009, AB&I falsely told customers that it was increasing prices after trying “to put off this price increase for as long as we could.” AB&I represented that “[a]s in all price increases, this one came after weeks of deliberation. The disturbance such increases can cause to our valued customers is a regrettable effect, but this effect must be weighed against the impacts of NOT raising prices to stay in line with costs.” AB&I told customers that the “scrap iron market is a small subset of the ferrous metals market, and AB&I’s scrap iron costs are inextricably linked to world steel demand. Any growth in world steel demand produces upward pressure on scrap iron prices. World demand for steel has steadily increased since April 2009, according to the World Steel Association. In fact, China produced more steel in August, 2009 than in any other month in its history. Despite falling demand in U.S. commercial construction, AB&I is experiencing rising raw material costs.”
- In September 2010, Charlotte Pipe falsely told customers that price increases were the result of cost increases in raw materials and operating expenses and that as a result of cost increases, prices would remain at higher levels through 2011.
- In September 2011, Charlotte Pipe announced price increases and falsely attributed these increases to cost increases in scrap iron and other major raw

materials. Additionally, Charlotte Pipe falsely told customers that it was increasing prices “[d]ue to cost increases in scrap iron and other major raw materials as well as increases in general operating expenses.”

69. Such false and misleading statements by Defendants during the Class Period to Plaintiff and other Class members were intended to bolster Defendants’ collusive price increases. Making such statements was an integral part of the conspiracy and done to conceal Defendants’ anti-competitive actions.

70. As a direct and proximate result of Defendants’ active concealment, all applicable statutes of limitations affecting Plaintiff’s and the claims of the Class have been tolled.

CLASS ALLEGATIONS

71. Plaintiff brings this action as a class action under Rules 23(a), 23(b)(2), and 23(b)(3) of the Federal Rules of Civil Procedure, on behalf of itself and all others similarly situated. The proposed “Class” is initially defined as:

All persons or entities that purchased cast iron soil pipes or cast iron soil pipe fittings in the United States directly from any of the Defendants, their subsidiaries, predecessors, or affiliates, from January 1, 2006 through the present (the “Class Period”). Excluded from the Class are Defendants, their parent companies, subsidiaries, predecessors, and affiliates, and any co-conspirators.

72. The Class is so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be discerned through discovery, Plaintiff is informed and believes that at least hundreds, if not thousands, of geographically dispersed Class members purchased CISP during the Class Period.

73. Plaintiff’s claims are typical of the claims of the other members of the Class. Plaintiff and other Class members sustained damages arising out of Defendants’ common course of illegal conduct in violation of laws as complained herein. The injuries and damages of each member of the Class were directly caused by Defendants’ wrongful conduct in violation of laws alleged herein.

74. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class action litigation, including antitrust

1 class action litigation.

2 75. Common questions of law and fact exist as to all members of the Class which
3 predominate over any questions affecting solely individual members of the Class. Among the
4 questions of law and fact common to the Class are:

- 5 a. Whether Defendants engaged in a conspiracy to raise, fix, stabilize, and
6 maintain prices of CISP sold in the United States;
- 7 b. Whether Defendants agreed to allocate customers;
- 8 c. The duration and extent of the conspiracy;
- 9 d. Whether each Defendant was a participant in any such conspiracy;
- 10 e. Whether the actions of Defendants in so conspiring violated Section 1 of the
11 Sherman Act;
- 12 f. Whether the conspiracy had the effect of artificially inflating the price of
13 CISP sold in the United States during the Class Period;
- 14 g. Whether Charlotte Pipe's acquisition of Star Pipe's CISP assets
15 substantially increased concentration or decreased competition in the market for CISP, or was
16 undertaken as a method of ensuring the continuing success of the Defendants' price-fixing
17 conspiracy by eliminating a competitor from the market;
- 18 h. Whether the conduct of Defendants caused injury to Class members;
- 19 i. The measure and amount of damages incurred by the Class; and
- 20 j. Whether Plaintiff and the other members of the Class are entitled to, among
21 other things, injunctive relief, and, if so, the nature and extent of such injunctive relief.

22 76. Defendants have acted on grounds generally applicable to the Class, thereby
23 making final injunctive relief appropriate with respect to the Class as a whole.

24 77. A class action is superior to other available methods for the fair and efficient
25 adjudication of this controversy because joinder of all Class members is impracticable. The
26 prosecution of separate actions by individual members of the Class would impose heavy burdens
27 upon the courts and Defendants, and would create a risk of inconsistent or varying adjudications
28 of the questions of law and fact common to the Class. A class action, on the other hand, would

1 achieve substantial economies of time, effort and expense, and would assure uniformity of
 2 decision as to persons similarly situated without sacrificing procedural fairness or bringing about
 3 other undesirable results.

4 COUNT I

5 VIOLATION OF SECTION 1 OF THE SHERMAN ACT, 15 U.S.C. § 1

6 78. Plaintiff incorporates by reference and realleges the allegations set forth above as
 7 though fully set forth herein.

8 79. Defendants and unnamed conspirators entered into and engaged in a contract,
 9 combination, or conspiracy in unreasonable restraint of trade in violation of Section 1 of the
 10 Sherman Act (15 U.S.C. § 1). Defendants' agreement to fix, raise, maintain and stabilize the
 11 prices of cast iron soil pipes and fittings in the United States was a violation of the Sherman Act.

12 80. The conspiracy consisted of a continuing agreement, understanding or concerted
 13 action among Defendants and their co-conspirators in furtherance of which Defendants fixed,
 14 raised, maintained, or stabilized the prices of CISP, thereby creating anti-competitive effects.

15 81. Beginning at least as early as January 1, 2006, and continuing through the present,
 16 the exact dates being presently unknown to Plaintiffs, Defendants and their co-conspirators, by
 17 and through their officers, directors, employees, agents and/or other representatives, entered into
 18 and participated in a continuing agreement, understanding and conspiracy in restraint of trade to
 19 artificially fix, raise, maintain and stabilize prices for CISP sold in the United States.

20 82. By their conduct, Defendants have harmed competition and caused unreasonable
 21 restraints of trade in the CISP market. Specifically, Charlotte Pipe's acquisition of Star Pipe's
 22 CISP business resulted in decreased market competition and increased concentration in the market
 23 for CISP.

24 83. As a result of Defendants' unlawful conduct, Plaintiff and the members of the Class
 25 have been injured in their business or property by being forced to pay inflated, supra-competitive
 26 CISP prices.

27 84. In formulating and carry out the alleged agreement, understanding, and conspiracy,
 28 Defendants and their co-conspirators did those things that they combined and conspired to do,

1 including but not limited to the acts, practices, and course of conduct set forth in this Complaint.

2 85. Defendants engaged in anticompetitive activities, the purpose and effect of which
3 were to artificially raise, fix, maintain, or stabilize the price of CISP sold in the United States.
4 Defendants' conspiracy had the following effects, among others:

5 a. Price competition in the CISP market has been restrained, suppressed,
6 and/or eliminated in the United States;

7 b. Prices for CISP sold by Defendants have been fixed, raised, stabilized, and
8 maintained at artificially high, non-competitive levels throughout the United States; and

9 c. Plaintiff and members of the Class who purchased CISP from Defendants
10 have been deprived of the benefits of free and open competition.

11 86. Accordingly, Plaintiff and the Class seek damages, to be trebled pursuant to federal
12 antitrust law, and costs of suit, including attorneys' fees.

13 COUNT II

14 ILLEGAL MERGER UNDER SECTION 7 OF THE CLAYTON ACT

15 87. Plaintiff incorporates by reference and realleges the allegations set forth above as
16 though fully set forth herein.

17 88. Charlotte Pipe's acquisition of Star Pipe violated Section 7 of the Clayton Act, 15
18 U.S.C. § 18, because it has substantially lessened competition and/or tended to create a monopoly
19 in the relevant market.

20 89. The acquisition eliminated actual, direct, and substantial competition between
21 Charlotte Pipe and Star Pipe thereby increasing the concentration within the CISP market and
22 consequently increasing Defendants' ability to maintain the anti-competitive conspiracy.

23 90. The acquisition has caused, and will continue to cause, severe anti-competitive
24 effects in the CISP market, including but not limited to price increases above competitive levels.

25 PRAYER FOR RELIEF

26 WHEREFORE, Plaintiff demands that judgment be rendered in favor of Plaintiff against
27 Defendants as follows:

28 a. Certifying this action as a class action pursuant to Rules 23(a), (b)(2) and

(b)(3) of the Federal Rules of Civil Procedure, and designating Plaintiff as the representative of the Class and Plaintiff's counsel as counsel for the Class;

b. Decreeing that Defendants engaged in a contract, combination and conspiracy in violation of Section 1 of the Sherman Act, and that Plaintiff and the other Class members were injured in their business and property as a result of Defendants' violations;

c. Permanently enjoining Defendants, their subsidiaries, affiliates, successors, transferees, assignees and the respective officers, directors, partners, agents, and employees thereof, and all other persons acting or claiming to act on their behalf from continuing and maintaining the combination, conspiracy or agreement alleged herein, specifically including the promulgation and enforcement of the anti-competitive rules and regulations described above which have acted to foreclose competition the CISP market in the United States;

d. Awarding Plaintiff and the other Class members damages against Defendants for their violations of the federal antitrust laws in an amount to be trebled in accordance with such laws;

e. Finding Defendants jointly and severally liable for the damages incurred by Plaintiff and the other Class members;

f. Awarding to Plaintiff and the other Class members pre-judgment and post-judgment interest at the highest legal rate from and after the date of service of the initial complaint in this action;

g. Awarding to Plaintiff and the other Class members their costs of suit, including reasonable attorneys' fees and expert fees; and

h. Granting such other and further relief as the Court deems just and proper.

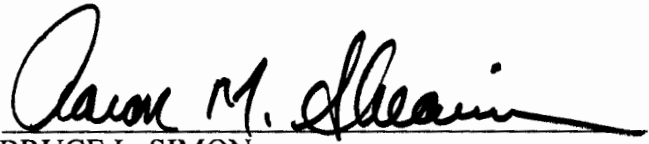
DEMAND FOR JURY TRIAL

Plaintiff hereby demands a trial by jury in this action, pursuant to Rule 38(b) of the Federal Rules of Civil Procedure.

1 DATED: January 16, 2014

Respectfully submitted,

2
3
4 By:



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JS 44 (Rev. 12/12) and r0f (1/15/13)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

HI LINE SUPPLY COMPANY LTD.

DEFENDANTSAB&I FOUNDRY, TYLER PIPE COMPANY, MCWANE, INC.,
CHARLOTTE PIPE AND FOUNDRY COMPANY, and RANDOLPH
HOLDING COMPANY LLC(b) County of Residence of First Listed Plaintiff Peoria, Illinois
(EXCEPT IN U.S. PLAINTIFF CASES)County of Residence of First Listed Defendant Oakland, California
(IN U.S. PLAINTIFF CASES ONLY)NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF
THE TRACT OF LAND INVOLVED.(c) Attorneys (Firm Name, Address, and Telephone Number)
Please See Attached, Section IAttorneys (If Known)
Please See Attached, Section II**II. BASIS OF JURISDICTION** (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
- ☒ 3 Federal Question
(U.S. Government Not a Party)
- ☐ 2 U.S. Government Defendant
- ☐ 4 Diversity
(Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | PTF | DEF | | PTF | DEF |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Citizen of This State | ☐ 1 | ☐ 1 | Incorporated or Principal Place of Business In This State | ☐ 4 | ☐ 4 |
| Citizen of Another State | ☐ 2 | ☐ 2 | Incorporated and Principal Place of Business In Another State | ☐ 5 | ☐ 5 |
| Citizen or Subject of a Foreign Country | ☐ 3 | ☐ 3 | Foreign Nation | ☐ 6 | ☐ 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
☐ 110 Insurance ☐ 120 Marine ☐ 130 Miller Act ☐ 140 Negotiable Instrument ☐ 150 Recovery of Overpayment & Enforcement of Judgment ☐ 151 Medicare Act ☐ 152 Recovery of Defaulted Student Loans (Excludes Veterans) ☐ 153 Recovery of Overpayment of Veteran's Benefits ☐ 160 Stockholders' Suits ☐ 190 Other Contract ☐ 195 Contract Product Liability ☐ 196 Franchise	PERSONAL INJURY ☐ 310 Airplane ☐ 315 Airplane Product Liability ☐ 320 Assault, Libel & Slander ☐ 330 Federal Employers' Liability ☐ 340 Marine ☐ 345 Marine Product Liability ☐ 350 Motor Vehicle ☐ 355 Motor Vehicle Product Liability ☐ 360 Other Personal Injury ☐ 362 Personal Injury - Medical Malpractice	☐ 365 Personal Injury - Product Liability ☐ 367 Health Care/Pharmaceutical Personal Injury Product Liability ☐ 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY ☐ 370 Other Fraud ☐ 371 Truth in Lending ☐ 380 Other Personal Property Damage ☐ 385 Property Damage Product Liability	☐ 625 Drug Related Seizure of Property 21 USC 881 ☐ 690 Other LABOR ☐ 710 Fair Labor Standards Act ☐ 720 Labor/Management Relations ☐ 740 Railway Labor Act ☐ 751 Family and Medical Leave Act ☐ 790 Other Labor Litigation ☐ 791 Employee Retirement Income Security Act IMMIGRATION ☐ 462 Naturalization Application ☐ 465 Other Immigration Actions	☐ 422 Appeal 28 USC 158 ☐ 423 Withdrawal 28 USC 157 PROPERTY RIGHTS ☐ 820 Copyrights ☐ 830 Patent ☐ 840 Trademark SOCIAL SECURITY ☐ 861 HIA (1395f) ☐ 862 Black Lung (923) ☐ 863 DIWC/DIWW (405(g)) ☐ 864 SSID Title XVI ☐ 865 RSI (405(g)) FEDERAL TAX SUITS ☐ 870 Taxes (U.S. Plaintiff or Defendant) ☐ 871 IRS—Third Party 26 USC 7609	☐ 375 False Claims Act ☐ 400 State Reapportionment ☒ 410 Antitrust ☐ 430 Banks and Banking ☐ 450 Commerce ☐ 460 Deportation ☐ 470 Racketeer Influenced and Corrupt Organizations ☐ 480 Consumer Credit ☐ 490 Cable/Sat TV ☐ 850 Securities/Commodities/Exchange ☐ 890 Other Statutory Actions ☐ 891 Agricultural Acts ☐ 893 Environmental Matters ☐ 895 Freedom of Information Act ☐ 896 Arbitration ☐ 899 Administrative Procedure Act/Review or Appeal of Agency Decision ☐ 950 Constitutionality of State Statutes

V. ORIGIN (Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from Another District (specify)
- ☐ 6 Multidistrict Litigation

VI. CAUSE OF ACTIONCite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
Section 1 of the Sherman Act, 15 U.S.C. § 1; Section 7 of the Clayton Act 15 U.S.C. § 18

Brief description of cause:

Defendants conspired to fix, manipulate, maintain, and raise prices of cast iron soil pipe and fittings.

VII. REQUESTED IN COMPLAINT:☒ CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.DEMAND \$
Per ProofCHECK YES only if demanded in complaint:
JURY DEMAND: ☒ Yes ☐ No**VIII. RELATED CASE(S) IF ANY**

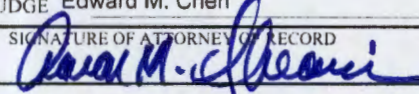
(See instructions):

JUDGE Edward M. Chen

DOCKET NUMBER 3:13-cv-04568

DATE
01/16/2014

SIGNATURE OF ATTORNEY OF RECORD

**IX. DIVISIONAL ASSIGNMENT** (Civil L.R. 3-2)

(Place an "X" in One Box Only)

☒ SAN FRANCISCO/OAKLAND ☐ SAN JOSE ☐ EUREKA

Attachment to Civil Cover Sheet for
Hi Line Supply Company Ltd. v. AB&I Foundry, et. al.

The information below corresponds to the fields in the Civil Cover Sheet for Hi Line Supply Company Ltd. v. AB&I Foundry, et. al. that are marked "Please see attached."

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