

COURT BACKS CITY ON ITS G.M. SUIT

Judge Allows a Class Action by 200 Localities Over Alleged Bus Monopoly

By EDWARD RANZAL

The city received Federal Court permission yesterday to represent 200 to 300 localities throughout the United States in its civil antitrust action that charges the General Motors Corporation with monopolizing the sale of buses for municipal use.

In a 25-page opinion, Federal Judge Robert L. Carter ruled that "class action treatment is permissible." General Motors had argued that "class action" was not appropriate because of variations in purchase deals, effects upon localities, designs and amounts of purchase.

Judge Carter found that local variations related only to the issue of damages, not to the underlying claim. If the city won its suit, damages against General Motors could run into millions of dollars.

G.M. Opposes Class Action

The city had presented to the court a preliminary list of 177 "class members," agreeing to pay the cost of court notices to them. It included cities in 38 states and in Puerto Rico.

General Motors had contended that a class action could not be approved until after localities filed suits, showing a "definite and serious interest."

Judge Carter said that "it is inconceivable that other governmental units will not pursue such claims in the event that the class action motion is denied and the suit brought by the city of New York is, or

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Court Backs City on Suit Against G.M.

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appears to be, successful."

The city's suit was filed last October by the city's Corporation Counsel, Norman Redlich. It charged that General Motors had violated antitrust laws by monopolizing the manufacture and sale of buses for local public transportation.

One unusual aspect of the case was the fact that a municipality had asked the court to force General Motors to divest itself of enough manufacturing facilities to restore effective competition.

The suit also seeks triple damages for what it calls excessive prices on all buses purchased by the class members in the last four years. The city charged that General Motors, by acquisition of competitors and the alleged stifling of competition, has become the only domestic manufacturer of buses used for local transportation.

It was alleged that the monopoly had resulted in ar-

tificially high prices for buses, claims of entities against General Motors. The mere fact of and suppression of competitors. The Federal Government sued General Motors in 1956 for monopolizing the bus market and the City of New York does not intend to settle the case in 1965 without getting divestiture relief.

Judge Carter rejected another motion by General Motors to disqualify George Reyecraft from acting as counsel for the city in its action. General Motors had contended that Mr. Reyecraft, now in private practice, should be disqualified because he had worked on the Government's antitrust action against G.M. as a lawyer for the Justice Department's antitrust division.

Judge Carter said that there had been no showing of harm to G.M. "by virtue of the fact that Reyecraft represented the United States in proceedings against G.M. some 10 to 11 years ago." He added:

"As counsel for the Federal Government, and now as counsel for the City of New York, he was and is pressing the

claims of entities against General Motors. The mere fact of and suppression of competitors. The Federal Government sued General Motors in 1956 for monopolizing the bus market and the City of New York does not intend to settle the case in 1965 without getting divestiture relief."

Mr. Redlich commented on the decision:

"We are very pleased that Judge Carter has granted the city's motion to have this important antitrust case proceed as a class action on behalf of governments throughout the country and that G.M.'s motion to disqualify Mr. Reyecraft has been denied. It is in the best interest of the city and these other governments that this case be tried on the merits as quickly as possible."