

Dated: June 24, 1999.

Richard A. Marinucci,

Acting Chief of Operations.

[FR Doc. 99-17034 Filed 7-2-99; 8:45 am]

BILLING CODE 6718-01-P

FEDERAL MARITIME COMMISSION

Ocean Transportation Intermediary License Applicants

Notice is hereby given that the following applicants have filed with the Federal Maritime Commission applications for licenses as Non-Vessel Operating Common Carrier and Ocean Freight Forwarder—Ocean Transportation Intermediaries pursuant to section 19 of the Shipping Act of 1984 as amended (46 U.S.C. app. 1718 and 46 CFR 515).

Persons knowing of any reason why any of the following applicants should not receive a license are requested to contact the Office of the Freight Forwarders, Federal Maritime Commission, Washington, DC 20573.

Non-Vessel-Operating Common Carrier Ocean Transportation Intermediary Applicants

Bayworld Int'l Corp., 1031 W. Manchester Blvd., #B, Inglewood, CA 90301, Officer: William Chao, President (Qualifying Individual)

Commercial Department Containers Caribe, Inc., 954 Ponce De Leon Avenue, CCND, Miramar Plaza, Suite 15-C, San Juan, PR 00907, Officers: Massimo Lolli, President (Qualifying Individual), Marco Orlandi, Vice President

DSL Transportation Services, Inc., 5011 Firestone Place, South Gate, CA 90280, Officers: Paul C. Grantham, Chief Executive Officer (Qualifying Individual), Darse Crandall, Executive Vice President

Newport Air Express Inc., 1231 West Broadway, Hewlett, NY 11557, Officers: Jerry Lo, Vice President (Qualifying Individual), Hang Wong, President

R.T. Express International, Inc., 1004 W. Hillcrest Blvd., Inglewood, CA 90301, Officers: Ricky Tong, President (Qualifying Individual), Ann Tong, Secretary

Sea Air Surface Distribution Inc., 4694 Coffee Port Road, Brownsville, TX 78521, Officer: Frank Parker, Jr., President (Qualifying Individual)

Ten-Fly Corporation, 17870 Castleton Street, Suite 122, City of Industry, CA 91748, Officer: Ellen Y. Yan, President (Qualifying Individual)

Trans Service Line (USA), Inc., 50 Broadway, Suite 1603, New York, NY

10004, Officers: Jean-Francois Pinson, President (Qualifying Individual), Richard K. Bernstein, Secretary

World Transportation Services, Inc., 2723 Yale Street, Houston, TX 77008, Officers: Pam Garifalos Holdrup, Secretary (Qualifying Individual), Jim Shaw, President

Worldwide Freight System Inc., 2801 NW 74 Avenue, Suite 225, Miami, FL 33122, Officers: Michael Liu, Vice President (Qualifying Individual), David Ting, Chairman

Merzario USA Inc., 17 Battery Place, #1630, New York, NY 10004, Officers: Giovanni Bisignani, Director, Claudion Quaranta, Exec. Vice President (Qualifying Individual)

Non-Vessel-Operating Common Carrier and Ocean Freight Forwarder—Ocean Transportation Intermediary Applicants

Straight Air Service (USA), Inc., 161-15 Rockaway Blvd., Rm. 213, Jamaica, NY 11434, Officer: Chan Joe Loong, Managing Director (Qualifying Individual)

Servitrans, Inc., 1116 Oliver Street, Houston, TX 77007, Officers: Rafael A. Struve, President, J. Gregorio Diaz, Vice President (Qualifying Individual)

Caribbean Freight Systems, Inc., 1484 N.W. 153rd Avenue, Pembroke Pines, FL 33028, Officers: Jose A. Espinosa, Jr., Director (Qualifying Individual), Peter Achim, Director

Sea Gate Logistics, Inc., 182-11 150th Road, Suite 205, Jamaica, NY 11413, Officers: Vi Hung Vuong, President (Qualifying Individual), Renbo Lee, Secretary

Ocean Freight Forwarders—Ocean Transportation Intermediary Applicants

IGC, Inc., 7956 Cloy Road, Centerville, OH 45459, Officers: Ater Chokr, President, Patricia S. White, Corporate Secretary (Qualifying Individual)

Jones & Carroll Shipping, L.L.C., 1655 State Street, New Orleans, LA 70118, Officers: John Walker Jones, Jr., President (Qualifying Individual), Eleanor G. Carroll, Vice President

Global Logistics Services Company, 2063 South Atlantic Blvd., Suite 2-B, Monterey Park, CA 91754, Larry Li, Sole Proprietor

Dated: June 30, 1999.

Bryant L. VenBrake,

Secretary.

[FR Doc. 99-16998 Filed 7-2-99; 8:45 am]

BILLING CODE 6730-01-M

FEDERAL TRADE COMMISSION

[Docket No. 9910075]

Shaw's Supermarkets, Inc., et al.; Analysis To Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed consent agreement.

SUMMARY: The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint that accompanies the consent agreement and the terms of the consent order—embodied in the consent agreement—that would settle these allegations.

DATES: Comments must be received on or before September 7, 1999.

ADDRESSES: Comments should be directed to: FTC/Office of the Secretary, Room 159, 600 Pennsylvania Avenue, NW, Washington, DC 20580.

FOR FURTHER INFORMATION CONTACT: Phillip Broyles, FTC/S-2105, 601 Pennsylvania Avenue, NW Washington, DC 20580, (202) 326-2805.

SUPPLEMENTARY INFORMATION: Pursuant to Section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46, § 2.34 of the Commission's Rules of Practice, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of sixty (60) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for June 28th, 1999), on the World Wide Web, at "http://www.ftc.gov/os/actions97.htm." A paper copy can be obtained from the FTC Public Reference Room, Room H-130, 600 Pennsylvania Avenue, N.W., Washington, DC 20580, either in person or by calling (202) 326-3627.

Public comment is invited. Comments should be directed to: FTC/Office of the Secretary, Room 159, 600 Pennsylvania Avenue, NW, Washington, DC 20580. Two paper copies of each comment should be filed, and should be accompanied, if possible, by a 3½ inch diskette containing an electronic copy of the comment. Such comments or views will be considered by the Commission and will be available for inspection and

copying at its principal office in accordance with Section 4.9(b)(6)(ii) of the Commission's Rules of Practice (16 CFR 4.9(b)(6)(ii)).

Analysis of the Draft Complaint and Proposed Consent Order To Aid Public Comment

I. Introduction

The Federal Trade Commission ("Commission") has accepted for public comment from J Sainsbury plc, owner of Shaw's Supermarkets, Inc. ("Shaw's") and Star Markets Holdings, owner of Star Markets Company ("Star") (collectively "the Proposed Respondents") an Agreement Containing Consent Order ("the proposed consent order"). The Proposed Respondents have also reviewed a draft complaint contemplated by the Commission. The proposed consent order is designed to remedy likely anticompetitive effects arising from Shaw's proposed acquisition of all of the outstanding voting stock of Star.

II. Description of the Parties and the Proposed Acquisition

Shaw's Supermarkets, Inc., a Massachusetts corporation headquartered in Bridgewater, Massachusetts, is a wholly owned subsidiary of J Sainsbury plc, a United Kingdom company. Shaw's operates 126 supermarkets in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. All of Shaw's supermarkets operate under the "Shaw's" trade name. Shaw's total sales for its 1998 fiscal year were approximately \$2.8 billion. Shaw's is the second largest supermarket chain operating in Greater Boston. After the merger, Shaw's will become the number one supermarket chain in Greater Boston, controlling almost 40% of all supermarket sales.

Star is a Massachusetts corporation headquartered in Cambridge, Massachusetts. Star operates 53 supermarkets in Massachusetts, forty-nine under the "Star" trade name and four under the "Wild Harvest" trade name. Star also operates a wholesale food business that serves mostly small independent supermarket customers throughout New England and New York State. Star's wholesale customer base includes 11 supermarkets that contractually use the "Star Markets" trade name though Star has no ownership interest in them. Star's revenues for fiscal year 1998 are more than \$1 billion, \$966 million of which are from its retail operations. With its 53 supermarkets, Star is the third largest

supermarket chains operating in Greater Boston.

On November 25, 1998, J Sainsbury plc, Star Markets Holdings, Inc., Star Markets Company, Inc. and certain stockholders of Star Markets Holdings Inc., entered into a Stock Purchase Agreement for J Sainsbury plc to acquire all of the outstanding voting securities of Star Markets Holdings, Inc. The value of the transaction is approximately \$490 million.

III. The Draft Complaint

The draft complaint alleges that the relevant line of commerce (i.e., the product market) is the retail sale of food and grocery items in supermarkets. Supermarkets provide a distinct set of products and services for consumers who desire to one-stop shop for food and grocery products. Supermarkets carry a full line and wide selection of both food and nonfood products (typically more than 10,000 different stock-keeping units ("SKUs")), as well as an extensive inventory of those SKUs in a variety of brand names and sizes. In order to accommodate the large number of nonfood products necessary for one-stop shopping, supermarkets are large stores that typically have at least 10,000 square feet of selling space.

Supermarkets compete primarily with other supermarkets that provide one-stop shopping for food and grocery products. Supermarkets base their food and grocery prices primarily on the prices of food and grocery products sold at nearby supermarkets. Most consumers shopping for food and grocery products at supermarkets are not likely to shop elsewhere in response to a small price increase by supermarkets.

Retail stores other than supermarkets that sell food and grocery products, such as neighborhood "mom & pop" grocery stores, limited assortment stores, convenience stores, specialty food stores (e.g., seafood markets, bakeries, etc.), club stores, military commissaries, and mass merchants, do not effectively constrain prices at supermarkets. The retail format and variety of items sold at these other stores are significantly different than that of supermarkets. None of these other retailers offer a sufficient quantity and variety of products to enable consumers to one-stop shop for food and grocery products.

The draft complaint alleges that the relevant sections of the country (i.e., the geographic markets) in which to analyze the acquisition are the areas in or near the following incorporated cities or towns in Massachusetts: (a) Waltham area that includes Waltham,

Auburndale, Watertown, Newton, West Newton, Weston, and Lexington; (b) Quincy-Dorchester area that includes Quincy, N. Quincy, Milton, Dorchester, Boston, S. Boston, Braintree, and Weymouth; (c) Norwood area that includes Norwood, Walpole, Westwood, Dedham, Wrentham, and Sharon; (d) Milford area that includes Milford, Hopedale, Mendon, and Upton; (e) Salem-Lynn area that includes Salem, Lynn, Peabody, Swampscott, Danvers, Nahant, and Marblehead; (f) Norwell area that includes Norwell, Hanover, Rockland, Pembroke, Hanson, Scituate, Halifax, Hingham, Weymouth, Cohasset, and Hull; (g) Hudson-Stow area that includes Stow, Hudson, Sudbury, Marlborough, and Bolton; and (h) Saugus-Melrose-Stoneham area that includes Saugus, Melrose, Stoneham, and Wakefield.

J Sainsbury through its Shaw's subsidiary and Star Markets are actual and direct competitors in the all of the relevant markets.

The draft complaint alleges that the post-merger markets would all be highly concentrated, whether measured by the Herfindahl-Hirschman Index (commonly referred to as "HHI") or four-firm concentration ratios. The acquisition would substantially increase concentration in each market. The post-acquisition HHIs in the geographic markets range from 2205 points to 5136 points.

The draft complaint further alleges that entry is difficult and would not be timely, likely, or sufficient to prevent anticompetitive effects in the relevant geographic markets.

The draft complaint also alleges that Shaw's acquisition of all of the outstanding voting securities of Star, if consummated, may substantially lessen competition in the relevant line of commerce in the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, by eliminating direct competition between supermarkets owned or controlled by Shaw's and supermarkets owned and controlled by Star; by increasing the likelihood that Shaw's will unilaterally exercise market power; and by increasing the likelihood of, or facilitating, collusion or coordinated interaction among the remaining supermarket firms. Each of these effects increases the likelihood that the prices of food, groceries or services will increase, and the quality and selection of food, groceries or services will decrease, in the geographic markets alleged in the complaint.

IV. The Terms of the Agreement Containing Consent Order ("the Proposed Consent Order")

The proposed consent order will remedy the Commission's competitive concerns about the proposed acquisition. Under the terms of the proposed consent order Shaw's and Star must divest ten supermarkets, seven stores operating under the "Star Markets" trade name and three under the "Shaw's" trade name.

In the eight relevant markets, the Proposed Respondents will divest either all of the Shaw's or Star supermarkets to buyers who do not currently operate supermarkets in these markets. Divesting all of one party's assets in a particular market achieves the goals that the proposed consent order is designed to achieve—ensuring that the merger will not increase concentration in any relevant market and maintaining the number of firms in the market that existed before the merger.

Seven of the supermarkets to be divested are being sold to two experienced up-front buyers, firms that the Commission has pre-evaluated for their competitive and financial viability. The Commission's evaluation process consisted of analyzing the financial condition of the proposed acquirers and the locations of their current supermarkets to ensure that divestitures to them would not increase concentration or decrease competition in the relevant markets, as well as, determining that these purchasers are well qualified to operate the divested stores. The remaining three supermarkets are to be divested by the Proposed Respondents within three months of the date on which they signed the proposed consent agreement, to an acquirer approved by the Commission and in a manner approved by the Commission. Public comments may address the suitability of the designated up-front buyers to acquire supermarkets under the proposed consent order.

The following is a discussion of the two up-front buyers, Victory Super Markets ("Victory") and Foodmaster Super Markets, Inc. ("Foodmaster"). Victory, headquartered in Massachusetts and founded by the DiGeronimo family in 1923, will acquire five supermarkets from Shaw—Shaw's Supermarket stores No. 193 in Waltham, No. 196 in North Quincy, and No. 122 in Norwood; and Star Markets Stores No. 169 in Milford, and No. 128 in Norwell, MA. Foodmaster, headquartered in Chelsea, Massachusetts, will acquire two supermarkets from Shaw's—Star

Markets No. 144 in Lynn and No. 129 in Swampscott.

The proposed consent order further requires Shaw's and Star to divest three additional supermarkets, Star Markets No. 152 in Stow, Star Markets No. 118 in Sudbury, and Star Markets No. 173 in Saugus to a proposed buyer that will be selected by Shaw's and approved by the Commission within three months of the date on which the Proposed Respondents sign the proposed consent agreement.

Paragraph II.A. of the proposed consent order requires that the divestiture to Victory must occur no later than the earlier of (1) 20 days from when the merger is consummated, or (2) four months after the Commission accepts the agreement for public comment.¹ Paragraph II.B. of the proposed consent agreement requires that Shaw's divest the two supermarkets to Foodmaster within ten days of the date on which the proposed consent order becomes final. If Shaw's consummates the divestitures to Victory and Foodmaster during the public comment period, and if, at the time the Commission decides to make the order final, the Commission notifies Shaw's that Victory or Foodmaster is not an acceptable acquirer or that the asset purchase agreement with Victory or Foodmaster is not an acceptable manner of divestiture, then Shaw's must immediately rescind the transaction in question and divest those assets to another buyer within three months of the date the order becomes final. At that time, Shaw's must divest those assets only to an acquirer that receives the prior approval of the Commission and only in a matter that receives the prior approval of the Commission. In the event that any Commission-approved buyer is unable to take or keep possession of any of the supermarkets identified for divestiture, a trustee that the Commission may appoint has the power to divest any assets that have not been divested to satisfy the requirements of the proposed consent order.

The proposed consent order also enables the Commission to appoint a trustee to divest any supermarkets or sites identified in the order that Shaw's and Star have not divested to satisfy the requirements of the proposed consent order. In addition, the proposed order enables the Commission to seek civil penalties against Shaw's for non-

compliance with the proposed consent order.

Among other requirements related to maintaining operations at the supermarkets identified for divestiture, the proposed consent order also specifically requires the Proposed Respondents to: (1) Maintain the viability, competitiveness and marketability of the assets to be divested; (2) not cause the wasting or deterioration of the assets to be divested; (3) not sell, transfer, encumber, or otherwise impair their marketability or viability; (4) maintain the supermarkets consistent with past practices; (5) use best efforts to preserve existing relationships with suppliers, customers, and employees; and (6) keep the supermarkets open for business and maintain the inventory at levels consistent with past practices.

The proposed consent order also prohibits Shaw's from acquiring, without providing the Commission with prior notice, any supermarkets, or any interest in any supermarkets, located in the county or counties that include the incorporated cities and towns in Massachusetts: Waltham, Auburndale, Watertown, Newton, West Newton, Weston, Lexington, Quincy, N. Quincy, Milton, Dorchester, Boston, S. Boston, Braintree, Hopedale, Mendon, Upton, Salem, Lynn, Peabody, Swampscott, Danvers, Nahant, Marblehead, Norwell, Hanover, Rockland, Pembroke, Hanson, Scituate, Halifax, Hingham, Cohasset, Hull, Stow, Hudson, Sudbury, Marlborough, Bolton, Saugus, Melrose, Wakefield, and Stoneham for ten years. These are the areas for which the supermarkets to be divested draw customers. The provisions regarding prior notice are consistent with the terms used in prior Orders. The proposed consent order does not, however, restrict the Proposed Respondents from constructing new supermarkets in the above listed areas; nor does it restrict the Proposed Respondents from leasing facilities not operated as supermarkets within the previous six months.

The proposed consent also prohibits Shaw's, for a period of ten years, from entering into or enforcing any agreement that restricts the ability of any person acquiring any location used as a supermarket, or interest in any location used as a supermarket on or after January 1, 1998, to operate a supermarket at that site if that site was a formerly owned or operated by Shaw's or Star Markets in any of the areas listed in the paragraph above. In addition, the Proposed Respondents are prohibited from removing fixtures or equipment from a store or property owned or leased

¹ Acceptance of the proposed consent agreement for public comment terminates the HSR waiting period and enables Shaw's to immediately acquire all of the outstanding voting securities of Star Markets.

by Shaw's in any of the cities or town listed above that is no longer operated as a supermarket, except (1) prior to a sale, sublease, assignment, or change in occupancy or (2) to relocate such fixtures or equipment in the ordinary course of business to any other supermarket owned or operated by the Proposed Respondents.

The Proposed Respondents are required to file compliance reports with the Commission, the first of which is due within thirty days of the date on which Proposed Respondents signed the proposed consent, and every thirty days thereafter until the divestitures are completed, and annually for ten years.

The proposed consent order also has a provision relating to the settlement agreement negotiated by the State of Massachusetts. If the State of Massachusetts fails to approve any divestiture that has not been completed, even though the parties are in compliance with the other provisions of the proposed consent agreement, the time period in which the divestiture must be completed will be extended 60 days during which the parties must exercise utmost good faith and best efforts to resolve the concerns of that particular state.

V. Opportunity for Public Comment

The proposed consent order has been placed on the public record for 60 days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After 60 days, the Commission will again review the proposed consent order and the comments received and will decide whether it should withdraw from the agreement or make the proposed consent order final.

By accepting the proposed consent order subject to final approval, the Commission anticipates that the competitive problems alleged in the complaint will be resolved. The purpose of this analysis is to invite public comment on the proposed consent order, including the proposed sale of supermarkets to Victory and Foodmaster, in order to aid the Commission in its determination of whether to make the proposed consent order final. This analysis is not intended to constitute an official interpretation of the proposed consent order nor is it intended to modify the terms of the proposed consent order in any way.

By direction of the Commission.

Benjamin I. Berman,
Acting Secretary.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

[Account Number: 4151-04]

Office of the Assistant Secretary for Planning and Evaluation; Cooperative Agreement With the Manpower Demonstration Research Corporation

AGENCY: Office of the Assistant Secretary for Planning and Evaluation (ASPE).

The Office of the Assistant Secretary for Planning and Evaluation's (ASPE) Office of Human Services Policy announces that it will award an unsolicited cooperative agreement to the Manpower Demonstration Research Corporation (MDRC) in support of the Project on Devolution and Urban Change.

The purpose of this cooperative agreement is to support research to understand the impacts of welfare reform and welfare to work programs on low-income individuals, families, and the communities in which they live, with an emphasis on urban areas.

ASPE will have substantial involvement in all stages of the project, including: identifying potential questions that could be answered using the data; prioritizing among them based on the available resources; determining appropriate methods of data analysis; reviewing draft papers and reports; and assisting in their dissemination.

The goal of ASPE in entering into this cooperative agreement is to improve our understanding of the impact of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 in urban areas.

Authorizing Legislation

This cooperative agreement is authorized under Section 1110 of the Social Security Act (42 U.S.C. 1310), Section 5001 of the Balanced Budget Act of 1997, and the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 1999 (Pub. L. 105-277).

Background

Assistance will be provided to MDRC. No other applications are solicited. ASPE is committed to supporting high-quality research in the area of welfare policy, and has a particular interest in understanding the effects of welfare reform in urban areas. Most welfare reform studies to date have not been in large cities, and thus have not addressed the challenges posed by high levels of unemployment and by concentrated poverty. These questions are critical because caseloads have not declined as

much in cities as in other parts of the country, and also because the lessons from urban areas may be applicable elsewhere in the case of an economic downturn.

ASPE believes that MDRC is uniquely qualified to work with ASPE to meet this goal for the following reasons:

1. The Project on Devolution and Urban Change presents a unique opportunity to learn about the implementation and impacts of welfare reform in four large urban areas—Cleveland, Philadelphia, Los Angeles, and Miami. MDRC has an ongoing working relationship with key officials in each city and has already obtained commitments from the state and local governments in these areas to provide extensive longitudinal administrative data for research purposes.

2. This project brings together data from an unusually wide array of sources: longitudinal administrative data for all families receiving AFDC/TANF or Food Stamps dating back to 1992; survey data; an implementation study; neighborhood indicators; an institutional study focusing on local service providers; and an ethnographic study of a limited number of families. This will allow the researchers to capture effects that might be missed in one approach, and to improve our understanding of the strengths and weaknesses of each approach. It is unlikely that this breadth of sources could be replicated. MDRC has assembled a multi-disciplinary team of distinguished researchers to collect and analyze this data.

3. This project leverages a substantial commitment of private sector funding. Of the total \$20 million cost of the Project on Devolution and Urban Change, approximately \$14 million has already been committed by private funders, with an additional \$3 million informally promised. This funding allows for a breadth of research far beyond what could be purchased with the federal support alone.

4. MDRC is one of the pre-eminent institutions in the area of welfare and welfare-to-work research, having conducted projects in over 400 communities in 40 states. MDRC has developed a reputation for objective, high-quality work. This project will involve several of MDRC's senior researchers, as well as consultants who are recognized as leaders in their areas of concentration.

Approximately \$800,000 is available in FY 1999 for a one-year project period of this cooperative agreement. A portion of this support is provided by the Administration for Children and Families, HHS, and the Economic