

Mr. MYERS. They are all sent the same day?

Mr. WINSTEAD. Each advance and decline sheet has a date, has the listing of all items, including the nomenclature, and it includes the new price and the effective date.

Mr. MYERS. The effective date is always the same?

Mr. WINSTEAD. Always the same.

Mr. MYERS. For every store?

Mr. WINSTEAD. For all stores within the division.

Mr. MYERS. OK.

Now, Mr. Alexander, I think you stated that if you did not keep the price exactly as it was stated in your pricing guide, that you would be subject to supervision and possibly termination.

Now, how many people, Mr. Winstead—have you had any termination, we will say, in the last 2 years for this purpose? Have any managers been reprimanded in any form whatsoever?

Mr. WINSTEAD. I have no personal knowledge of the termination of a manager for this act. However, I will state that we would terminate a manager if he violated policy of this nature. And we would be—we would act very rapidly on something like this.

Mr. MYERS. Could I ask for permission, Mr. Chairman, that you might check for the last year and see if there has been any manager in your division who has been discharged or been reprimanded for price increases beyond your price fixing, your price book?

Mr. WINSTEAD. You are asking if we have this?

Mr. MYERS. Yes.

Will you send us a record of whether there has been?

Mr. WINSTEAD. Yes; we would be very happy to.

(The information follows:)

SAFeway STORES, INC.,
Landover, Md., October 31, 1967.

HON. BENJAMIN S. ROSENTHAL,
Chairman, Special Studies Subcommittee, Committee on Government Operations,
House of Representatives, Washington, D.C.

DEAR CHAIRMAN ROSENTHAL: During Safeway's appearance on Thursday, October 12, 1967, before the Special Studies Subcommittee, we were requested to check our records and advise whether, during the year preceding our appearance, any store manager in Safeway's Washington, D.C., Division had been discharged or reprimanded for violation of Safeway's policy prohibiting managers from pricing or selling merchandise above the centrally announced "book" prices.

This will advise that there have been no instances during the past year of any store manager in this division having deliberately priced or sold merchandise above "book" prices. As we testified, we have various internal controls which would enable us to detect any such violations of our policy. These controls include internal price checks by personnel at various managerial levels, some of whom have no responsibility for retail operations. The price checks made during the past year disclosed only the infrequent errors that, unfortunately, cannot be avoided in an operation involving thousands of employees, thousands of items, and millions of transactions.

The checks showed that these errors usually occur on slow-moving, infrequently purchased items, and resulted in a random, mixed pattern of both "under" and "over" the book prices.

Our records showing the store managers' compliance with our policy prohibiting the selling of merchandise over the "book" prices, have been turned over to the Federal Trade Commission, and have not yet been returned to us.

We shall appreciate it if the subcommittee will have this response inserted at the appropriate place in the hearing record.

Sincerely yours,

BASIL WINSTEAD,
Vice President and Division Manager,
Washington, D.C., Division.