



Department of Justice

FOR IMMEDIATE RELEASE
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The Department of Justice filed a civil antitrust suit today challenging the 1969 merger of two companies engaged in licensing franchisees to sell swimming pools in Southern California.

Attorney General John N. Mitchell said the suit was filed in U.S. District Court in Los Angeles.

Named as defendants were:

KDI Aqua Systems Inc., North Hollywood, California, which acquired the assets of Aqua Systems, Inc., in 1970.

KDI Corporation, Cincinnati, Ohio, the parent corporation of KDI Aqua Systems, Inc., and

JHO Dissolution Co., Los Angeles county, a California corporation organized in 1970 to wind up the affairs of Aqua Systems, Inc.

Specifically the suit charged that the acquisition of substantially all of the outstanding capital stock of Royal Pools of Orange County -- a California Corporation -- by Aqua Systems in July, 1969, substantially lessened competition in the sale of residential swimming pools in Southern California, in violation of Section 7 of the Clayton Act.

OVER

Assistant Attorney General Richard W. McLaren, in charge of the Antitrust Division, said that approximately 22 percent of the swimming pools installed in Southern California in 1969 were sold by franchisees of Aqua Systems under the trade names of Blue Haven Pools or Sunset Pools, and another 9 percent of the sales were made by Royal franchisees under the trade name of Royal Pools. Approximately 11,000 swimming pools, with a total value of more than \$40 million, were installed in Southern California in 1969, according to the suit.

The suit charged that Royal owned a controlling stock interest in each of its franchisees, and that Aqua Systems owned a controlling stock interest or exercised control over the business operations of its franchisees through franchise agreements.

According to the suit KDI Aqua systems acquired substantially all of the assets of Aqua systems in January, 1970, and a few days later Aqua Systems changed its name to JHO Dissolution Co.

The suit seeks to have the acquisition of Royal by Aqua Systems declared illegal, and to require KDI Aqua Systems to divest all of its ownership interest to Royal.

OVER

The suit also asks the court to enjoin KDI Corporation and its wholly-owned subsidiary, KDI Aqua Systems, for a period of 10 years, from acquiring the stock or assets of any other company engaged in the sale or installation of swimming pools in Southern California.