



Department of Justice

FOR IMMEDIATE RELEASE
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The Department of Justice today filed two felony informations charging R.C. Cobb, Inc., of Birmingham, Alabama, and Consolidated Theatres, Inc., of Charlotte, North Carolina, with conspiring to eliminate competition for licenses to show films in Birmingham, Huntsville, and Tuscaloosa, Alabama.

Attorney General William French Smith said the informations were filed in U.S. District Court in Birmingham.

The two motion picture exhibition companies were charged with participation in a split agreement, a type of cartel agreement in which motion picture exhibitors meet and agree among themselves as to which of them will have the right to negotiate, without competition from the other split participants, with a distributor for a license to exhibit a particular motion picture, in violation of Section 1 of the Sherman Act.

Both Cobb and Consolidated have agreed, subject to court approval, to plead guilty to the informations and pay fines of \$100,000 for Cobb and \$75,000 for Consolidated.

Attorney General William French Smith said the two felony informations were the Department of Justice's first criminal prosecutions of participants in a split agreement. In 1983, the U.S. District Court in Milwaukee, Wisconsin, ruled that split agreements are violations of Section 1 of the Sherman Act.

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J. Paul McGrath, Assistant Attorney General in charge of the Antitrust Division, said two companion civil cases and proposed consent decrees were also filed in U.S. District Court in Birmingham, simultaneously with the filing of the criminal informations. Like the criminal informations, the civil complaints challenge Cobb's and Consolidated's participation in the split agreement in Birmingham, Huntsville, and Tuscaloosa. The split was formed in the fall of 1983 and continued into July, 1984.

The proposed decrees would enjoin the defendants from conspiring to split or otherwise agree with other exhibitors to eliminate competition for motion picture licenses anywhere in the United States. Each of the defendants would also be enjoined by the decrees for a period of five years from acting as a booking agent for any theatre owned by another exhibitor where that theatre is within 20 miles of any of the defendant's theatres or within 20 miles of a theatre for which the defendant acts as a booking agent, unless the defendant obtains written permission from the Assistant Attorney General in charge of the Antitrust Division.

In accordance with the Antitrust Procedures and Penalties Act of 1974, competitive impact statements regarding the decrees have been filed with the court. Copies of these statements and of the proposed decrees are available on request in the Legal Procedure Unit, Room 7416, Department of Justice, Washington, D.C. 20530. They are also available for inspection in the Office of the Clerk of the U.S. District Court in Birmingham.

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Comments to the Department and to the court regarding the decrees are invited from members of the public within the next 60 days. They should be directed to John Clark, Chief, Special Trial Section, Antitrust Division, Department of Justice, Room 9120, Star Building, Washington, D.C. 20530.

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