



Department of Justice

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TEXAS MAGAZINE DISTRIBUTION COMPANY, AND FORMER OWNER INDICTED IN ANTITRUST CONSPIRACY

WASHINGTON, D.C. -- A federal grand jury today indicted a Dallas magazine distribution company and its former owner for participating in a conspiracy to divide distribution territories and customers for the sale of magazines and other periodicals in Dallas, Fort Worth, and the surrounding areas of Texas, the Department of Justice announced.

The one-count indictment, filed today in U.S. District Court in Dallas, charges Martin News Agency Inc. and its former president, chief executive officer, and co-owner, Bennett T. Martin, with participating in a conspiracy to suppress and eliminate competition for the sale and distribution of magazines and other periodicals from August 1990 until at least October 30, 1995.

“This case demonstrates the Antitrust Division’s commitment to vigorously prosecuting those who seek to deny customers the benefits of competition, “ said A. Douglas Melamed, Acting Assistant Attorney General in charge of the Antitrust Division.

According to the indictment, Martin News and Bennett Martin, along with their co-conspirators, participated in the conspiracy by:

- agreeing to divide territories and customers among themselves and not to compete against each other;
- agreeing which designated co-conspirator would distribute and sell magazines and other periodicals in certain geographic areas;
- refraining from soliciting certain accounts in certain geographic areas;
- pulling out of certain territories and stopping service to certain customers to allow the designated co-conspirator to service a particular territory and/or customer;
- agreeing that the defendants would be reimbursed for the un-deducted portion of any slotting allowances paid by the defendants to customers; and
- paying the defendants the un-deducted portion of slotting allowances, pursuant to their illegal agreement.

Magazine distributors purchase magazines and other periodicals from publishers and national distributors for resale to local retailers for sale to the general public.

This is the fourth case brought as a result of the ongoing federal antitrust investigation into anticompetitive practices in the magazine and periodical distribution industry. Today's charges are the latest to result from an investigation conducted by the Antitrust Division's Cleveland Field Office with the assistance of the U.S. Attorney's Office in Dallas.

Earlier prosecutions have included C&S News Agency Inc., Island Periodicals LLC, and Rack Shop (DE) Inc. In 1998, C&S News Agency Inc. pleaded guilty and was fined \$80,000 for conspiring to allocate territories and customers in distributing magazines and other periodicals in the Dallas/Fort Worth and Waxahachie, Texas area. Rack Shop (DE) Inc. was charged in 1999 with allocating territories and customers in Dallas/Fort Worth, Waxahachie, and surrounding areas of Texas and was sentenced to pay a \$750,000 fine. Island Periodicals LLC was charged in 1999 with allocating territories and customers in Puerto Rico, the U.S. Virgin Islands, and other Caribbean Islands and was sentenced to pay a \$250,000 fine.

Martin News and Bennett Martin are charged with violating Section One of the Sherman Act, which carries a maximum fine of \$10 million for corporations, and a maximum penalty of three years imprisonment and a \$350,000 fine for individuals. The maximum fine for both corporations and individuals may be increased to twice the pecuniary gain derived from the crime, or twice the pecuniary loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Anyone with information concerning the allocation of territories or customers in the magazine and periodical distribution industry should contact the Antitrust Division's Cleveland Field Office at (216) 522-4070.

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