

**APPENDIX E:**  
**FINAL JUDGMENT**

**United States v. Paramount Pictures, Inc.**

**Equity No. 87-273**

**November 8, 1948**

**(Defendant Radio-Keith-Orpheum Corporation)**

*Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Paramount Pictures, et al., U.S. District Court, S.D. New York, 1948-1949 Trade Cases ¶62,335, (Nov. 8, 1948).pdf*

**Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Paramount Pictures, et al., U.S. District Court, S.D. New York, 1948-1949 Trade Cases ¶62,335, (Nov. 8, 1948)**

United States v. Paramount Pictures, et al.

1948-1949 Trade Cases ¶62,335. U.S. District Court, S.D. New York. Equity No. 87-273. November 8, 1948.

**Sherman Antitrust Act**

**Consent Judgment—Divorcement of Motion Picture Distributor from Theatre Operating Affiliates.**—A consent judgment entered against one of the major defendants in an antitrust suit charging the eight largest motion picture production and distribution companies with violations of the Sherman Act, which judgment is contingent upon approval by the stockholders of that defendant within 90 days of a plan of reorganization, requires the defendant to be reorganized into two new companies, one to hold its production and distribution assets, and the other to hold its theatres, the two new companies to be controlled and managed independently of each other. The defendant's theatre circuit is required to dispose of its interest in 241 theatres jointly owned with independent exhibitors within one year by a sale to independents, and must terminate similar ownerships in 30 additional theatres within a year, but may do so by a purchase of the independent's interest if such disposition is agreeable to the independent. The defendant's controlling stockholder agrees to dispose of his interest in one of the new companies not later than one year after the entry of the judgment.

For plaintiff: Herbert A. Bergson, Robert L. Wright, Sigmund Timberg, George H. Davis, Jr.

For defendants: William J. Donovan, Ralstone R. Irvine, Gordon E. Youngman; Roy W. McDonald, Donovan Leisure Newton Lumbard & Irvine, of counsel.

**Consent Decree as to the RKO Defendants**

The plaintiff, United States of America, having filed its Amended and Supplemental Complaint in this action on November 14, 1940; the defendants, including Radio-Keith-Orpheum Corporation, RKO Radio Pictures, Inc., RKO Proctor Corporation, RKO Midwest Corporation, and Keith-Albee-Orpheum Corporation (hereinafter sometimes referred to as the "RKO defendants"), having filed their Answers to such Complaint, denying the substantive allegations thereof; the Court after trial having entered a decree herein, dated December 31, 1946, as modified by order entered February 11, 1947; the plaintiff and the RKO defendants/among others, having appealed from such decree; the Supreme Court of the United States having in part affirmed and in part reversed such decree, and having remanded this cause to this Court for further proceedings in conformity with its opinion dated May 3, 1948; and this Court having, on June 25, 1948, by order made the mandate and decree of the Supreme Court the order and judgment of this Court; and

The RKO defendants having represented to the plaintiff and to this Court that they propose to put into effect within ninety days of the date hereof a plan of reorganization which will have as its object and effect the divorcement of RKO's production-distribution assets from RKO's theatre assets; that pursuant to such plan two new holding companies will be formed, one of which (hereafter called the New Picture Company) will own and control the subsidiaries of Radio-Keith-Orpheum Corporation presently engaged in the production and distribution of motion pictures, and the other of which (hereafter called the New Theatre Company) will own and control the subsidiaries of Radio-Keith-Orpheum Corporation presently engaged in the exhibition of motion pictures; and that thereafter Radio-Keith-Orpheum Corporation will be dissolved and its stockholders will own all of the capital stock of the New Picture Company and of the New Theatre Company; and that on October 9, 1948, Howard R. Hughes was the owner of record of approximately 24 per cent of the common stock of Radio-Keith-Orpheum Corporation and that on such date no other person or corporation was the beneficial owner of record of as much as 1 per cent of such stock;



Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Paramount Pictures, et al., U.S. District Court, S.D. New York, 1948-1949 Trade Cases ¶62,335, (Nov. 8, 1948).pdf

The RKO defendants having consented to the entry of this decree before the taking of any testimony upon the issues and matters open upon the remand of this cause, and without any findings of fact upon such issues and matters, and upon condition that neither such consent, nor this decree, nor the entry of this decree, nor any statement, provision or requirement contained in this decree, shall be or shall be construed as being an admission or adjudication or evidence that the allegations of the Petition or of the Amended and Supplemental Complaint, or any of them, are or is true in so far as they relate to the issues and matters so open, or that the RKO defendants, or any one or more of them, have or has violated or are or is violating any statute or law with respect to the issues and matters so open; and The United States of America by its counsel having consented to the entry of this decree and to each and every provision thereof; and the Court having considered the matter.

Now, therefore, it is hereby ordered, adjudged and decreed as follows:

[ *Complaint Dismissed as to RKO* ]

I.

The Complaint is dismissed as to all claims made against the RKO defendants based upon their acts as producers of motion pictures, whether as individuals or in conjunction with others.

[ *Acts Enjoined* ]

II.

A. The defendants, Radio-Keith-Orpheum Corporation and RKO Radio Pictures, Inc., their officers, agents, servants and employees are each hereby enjoined:

1. From granting any license in which minimum prices for admission to a theatre are fixed by the parties, either in writing or through a committee, or through arbitration, or upon the happening of any event or in any manner or by any means.
2. From agreeing with each other or with any exhibitors or distributors to maintain a system of clearances; the term "clearances" as used herein meaning the period of time stipulated in license contracts which must elapse between runs of the same feature within a particular area or in specified theatres,
3. From granting any clearance between theatres not in substantial competition.
4. From granting or enforcing any clearance against theatres in substantial competition with the theatre receiving the license for exhibition in excess of what is reasonably necessary to protect the licensee in the run granted. Whenever any clearance provision is attacked as not legal under the provisions of this decree, the burden shall be upon the distributor to sustain the legality thereof.
5. From further performing any existing franchise to which it is a party from making any franchises in the future, except for the purpose of enabling an independent exhibitor to operate a theatre in competition with a theatre affiliated with a defendant. The term "franchise" as used herein means a licensing agreement or series of licensing agreements, entered into as a part of the same transaction, in effect for more than one motion picture season and covering the exhibition of pictures released by one distributor during the entire period of agreement.
6. From making or further performing any formula deal or master agreement to which it is a party. The term "formula deal" as used herein means a licensing agreement with a circuit of theatres in which the license fee of a given feature is measured for the theatres covered by the agreement by a specified percentage of the feature's national gross. The term "master agreement" means a licensing agreement, also known as a "blanket deal," covering the exhibition of features in a number of theatres usually comprising a circuit.
7. From performing or entering into any license in which the right to exhibit one feature is conditioned upon the licensee's taking one or more other features. To the extent that any of the features have not been trade shown prior to the granting of the license for more than a single feature, the licensee shall be given by the licensor the right to reject twenty per cent of such features not trade shown prior to the granting of the license, such right of



*Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Paramount Pictures, et al., U.S. District Court, S.D. New York, 1948-1949 Trade Cases 162,335, (Nov. 8, 1948).pdf*

rejection to be exercised in the order of release within ten days after there has been an opportunity afforded to the licensee to inspect the feature.

B. Upon the dissolution of Radio-Keith-Orpheum Corporation in accordance with the plan of reorganization outlined in the recitals of this decree, and upon the New Picture Company succeeding to the production-distribution assets, the RKO defendants shall cause the New Picture Company to file with the Court its consent to be bound by the terms of sections II, IV, V, VII and VIII of this decree, and thereafter the New Picture Company shall be in all respects bound by the terms of such sections.

C. At any time after the entry of a final decree in this cause as to the defendants Universal Corporation and Columbia Pictures Corporation, or either of them, Radio-Keith-Orpheum Corporation and the New Picture Company, and RKO Radio Pictures, Inc., or either, or the successor or successors of either, may file herein a written notice of election to be relieved from further compliance with this decree and to comply with the provisions of such decree against said defendants Universal Corporation or Columbia Pictures Corporation or either of them, as it shall elect; and thereupon an order or supplemental decree shall be entered on the application of such party or parties so electing, which shall subject such party or parties to the provisions of such other decree and entitle it or them to the benefits of any terms thereof, and relieve it or them from further compliance with the provisions of this section of this decree. The New Picture Company further agrees that this decree may be amended at any time after the entry of such other decree to include such new provisions against film licensing discriminations as may be included in such other decree.

### III.

A. The defendants Radio-Keith-Orpheum Corporation, Keith-Albee-Orpheum Corporation, RKO Proctor Corporation, and RKO Midwest Corporation (herein referred to as "the RKO exhibitor-defendants"), their officers, agents, servants and employees are each hereby enjoined:

1. From performing or enforcing agreements referred to in paragraphs A-5 and A-6 of the foregoing section II hereof to which it may be a party.
2. From making or continuing to perform pooling agreements whereby given theatres of two or more exhibitors normally in competition are operated as a unit or whereby the business policies of such exhibitors are collectively determined by a joint committee or by one of the exhibitors or whereby profits of the "pooled" theatres are divided among the owners according to prearranged percentages.
3. From making or continuing to perform agreements that the parties may not acquire other theatres in a competitive area where a pool operates without first offering them for inclusion in the pool.
4. From making or continuing leases of theatres under which it leases any of its theatres to another defendant or to an independent operating a theatre in the same competitive area in return for a share of the profits.
5. From continuing to own or acquiring any beneficial interest in any theatre, whether in fee or shares of stock or other wise, in conjunction with another defendant. The existing relationships which violate this provision shall be terminated by December 31, 1948. In dissolving such relationships one defendant may acquire the interest of another defendant if such defendant desiring to acquire such interest shall show to the satisfaction of the court, and the court shall first find, that such acquisition will not unduly restrain competition in the exhibition of feature motion pictures.
6. (a) From acquiring a beneficial interest in any theatre, other than those named in paragraph 9 hereof, unless the acquiring defendant shall show to the satisfaction of the court, and the court shall first find, that such acquisition will not unduly restrain competition in the exhibition of feature motion pictures.

(b) At any time after the entry of a final decree in this cause in which Paramount Pictures, Inc., Loew's, Incorporated, Warner Bros. Pictures, Warner Bros. Circuit Management Corporation, Twentieth Century Fox Film Corporation, or National Theatres, Inc., or either of them, are bound by any provisions relating to the acquisition of beneficial interests in theatres other than acquisition in conjunction with other exhibitors., Radio-Keith-Orpheum Corporation, Keith-Albee-Orpheum Corporation, RKO Proctor Corporation, RKO Midwest Corporation



*Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Paramount Pictures, et al., U.S. District Court, S.D. New York, 1948-1949 Trade Cases ¶62,335, (Nov. 8, 1948).pdf*

and the New Theatre Company, or any of them, or their successor or successors, may file herein a written notice of election to be relieved from further compliance with, subparagraph (a) of this paragraph 6 and to comply with such provisions; and thereupon an order or supplemental decree shall be entered on the application of such party or parties so electing, which shall subject such party or parties to the provisions of such other decree relating to the acquisition of beneficial interests in theatres, and entitle it or them to the benefits of any terms thereof, and relieve it or them from further compliance with the terms of subparagraph (a) of this paragraph of this decree.

7. From operating, booking, or buying features for any of its theatres through any agent who is known by it to be also acting in such manner for any other exhibitor, in dependent or affiliate.

8. From making or enforcing any agreement which restricts the right of any other exhibitor to acquire a motion picture theatre.

9. From acquiring or continuing to own in conjunction with any actual or potential independent exhibitor any beneficial interest in motion picture theatres. The theatres in which such ownership now exist are the following:

Theatre	Location
Academy	New York, New York
Ace	Ozone Park, New York
Alba	Brooklyn, New York
Albany	New Brunswick, New Jersey
Alden	Jamaica, New York
Alhambra	Brooklyn, New York
Ambassador	Brooklyn, New York
Appollo	Jersey City, New Jersey
Astoria	Queens, New York
Bay	Bay City, Michigan
Bayside	Bayside, New York
Benson	Brooklyn, New York
Beverly	Brooklyn, New York
Big Rapids	Big Rapids, Michigan
Bijou	Battle Creek, Michigan
Biltmore	Brooklyn, New York
Boulevard	Jackson Heights, New York
Broad	Trenton, New Jersey
Broadway	Astoria, Queens, New York
Broadway	Haverstraw, New York
Broadway	Nyack, New York
Bronxville	Blonxville, New York
Brook	Bound Brook, New Jersey
Brunswick	Trenton, New Jersey
Caldwell	St. Joseph, Michigan
Cameo	Ossining, New York
Capitol	Brooklyn, New York
Capitol	Flint, Michigan
Capitol	Jackson, Michigan
Capitol	Jersey City, New Jersey
Capitol	Kalamazoo, Michigan
Capitol	Lansing, Michigan
Capitol	Owosso, Michigan
Capitol	Portchester, New York
Capitol	Trenton, New Jersey
Carroll	Brooklyn, New York
Casino	Ozone Park, New York
Castle Hill	Bronx, New York
Center	Bay City, Michigan

©2018 CCH Incorporated and its affiliates and licensors. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)



Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Paramount Pictures, et al., U.S. District Court, S.D. New York, 1948-1949 Trade Cases 162,335, (Nov. 8, 1948).pdf

Center	Cadillac, Michigan
Center	Grand Rapids, Michigan
Center	Holland, Michigan
Center	Ionia, Michigan
Center	Ludington, Michigan
Center	Owosso, Michigan
Center	Saginaw, Michigan
Center	. Willow Run, Michigan
Centre	South Haven, Michigan
Claridge	Brooklyn, New York
Clinton	Brooklyn, New York
Colonial	Brooklyn, New York
Colonial	Holland, Michigan
Colony	Brooklyn, New York
Commodore	Brooklyn, New York
Congress	Brooklyn, New York
Corona	Corona, New York
Cove	Glen Cove, New York
Crescent	Astoria, Queens, New York
Cross Bay	Ozone Park, New York
Crosswell	Adrian, Michigan
Crotona	Bronx, New York
Culver	Brooklyn, New York
Dawn	Hillsdale, Michigan
Della	Flint, Michigan
Desmond	Port Huron, Michigan
Duffield	Brooklyn, New York
Dumont	Dumont, New Jersey
Eagle	Pontiac, Michigan
Eastern Parkway	Brooklyn, New York
Eastown	Grand Rapids, Michigan
Elm	Brooklyn, New York
Embassy	Brooklyn, New York
Embassy	Portchester, New York
Englewood	Englewood, New Jersey
Family	Adrian, Michigan
Family	Monroe, Michigan
Family	Port Huron, Michigan
Folly	Brooklyn, New York
Forest Hills	Forest Hills, New York
Four Star	Grand Rapids, Michigan
Franklin	Saginaw, Michigan
Fuller	Kalamazoo, Michigan
Fulton	Jersey City, New Jersey
Garden	Flint, Michigan
Garden	Ozone Park, New York
Gem	Brooklyn, New York
Gibson	Greenville, Michigan
Gladmer	Lansing, Michigan
Glen	Glen Cove, New York
Glenwood	Brooklyn, New York
Granada	Corona, New York
Grand	Astoria, Queens, New York
Grand	Chicago, Illinois
Grand	Grand Haven, Michigan
Huckensack	Hackensack, New Jersey



Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Paramount Pictures, et al., U.S. District Court, S.D. New York, 1948-1949 Trade Cases ¶62,335, (Nov. 8, 1948).pdf

Halsey	Brooklyn, New York
Hamilton	Hamilton Township, New Jersey
Hempstead	Hempstead, New York
Highway	Brooklyn, New York
Hill	Hillsdale, Michigan
Hillstreet	Los Angeles, California
Holland	Holland, Michigan
Interboro	Bronx, New York
Ionia	Ionia, Michigan
Jackson	Jackson Heights, New York
Jamaica	Jamaica, New York
Jerome	Ozone Park, New York
Kelth-Albee	Huntington, West Virginia
	Grand Rapids, Michigan Kew Gardens Kew Gardens, New York
Kent	Brooklyn, New York
Kinema	Suffern, New York
Lafayette	Benton Harbor, Michigan
Lake	Lansing, Michigan
Lansing	Richmond Hill, New York
Lefrerts	Benton Harbor, Michigan
Liberty	Elizabeth, New Jersey
Liberty	Kearny, New Jersey
Lincoln	Trenton, New Jersey
Lincoln	Lynbrook, New York
Lynbrook	Alpena, Michigan
Lyric	Cadillac, Michigan
Lyric	Ludington, Michigan
Lyric	Manistee, Michigan
Lyric	Traverse City, Michigan
Majestic	Columbus, Ohio
Majestic	Grand Rapids, Michigan
Majestic	Jackson, Michigan
Majestic	Jersey City, New Jersey
Majestic	Port Huron, Michigan
Maltz	Alpena, Michigan
Manhasset	Manhasset, New York
Marble Hill	Bronx, New York
Marboro	Brooklyn, New York
Marcy	Brooklyn, New York
Martha Washington	Ypsilanti, Michigan
Maspeth	Maspeth, New York
Mecca	Saginaw, Michigan
Meserole	Brooklyn, New York
Michigan	Ann Arbor, Michigan
Michigan	Battle Creek, Michigan
Michigan	Jackson, Michigan
Michigan	Kalamazoo, Michigan
Michigan	Lansing, Michigan
Michigan	Muskegon, Michigan
Michigan	Saginaw, Michigan
Michigan	South Haven, Michigan
Michigan	Traverse, Michigan
Midway	Forest Hills, New York
Model	South Haven, Michigan
Monroe	Monroe, Michigan



Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Paramount Pictures, et al., U.S. District Court, S.D. New York, 1948-1949 Trade Cases ¶62,335, (Nov. 8, 1948).pdf

Monticello	Jersey City, New Jersey
Nemo	New York, New York
Northtown	Lansing, Michigan
Oakland	Pontiac, Michigan
Oasis	Ridgewood, New York
Ogden	Bronx, New York
Orpheum	Ann Arbor, Michigan
Orpheum	Huntington, West Virginia
Orpheum	Kalamazoo, Michigan
Orpheum	Pontiac, Michigan
Our	Grand Rapids, Michigan
Palace	Bergenfield, New Jersey
Palace	Flint, Michigan
Palace	Trenton, New Jersey
Pantages	Hollywood, California
Parkhill	New York, New York
Park	Plaza Bronx, New York
Parthenon	Brooklyn, New York
Pascack	Westwood, New Jersey
Pelham	Bronx, New York
Pilgrim	Bronx, New York
Playhouse	Great Neck, New York
Plaza	Englewood, New Jersey
Post	Battle Creek, Michigan
Rainbow	Brooklyn, New York
Ramsdell	Manistee, Michigan
Reade	Highland Park, New Jersey
Reade's Trent	Trenton, New Jersey
Ready	Niles, Michigan
Regent	Allegan, Michigan
Regent	Battle Creek, Michigan
Regent	Bay City, Michigan
Regent	Flint, Michigan
Regent	Jackson, Michigan
Regent	Kearny, New Jersey
Regent	Muskegon, Michigan
Republic	Brooklyn, New York
Rex	East Rutherford, New Jersey
Rex	Jackson, Michigan
RialtoJersey	City, New Jersey
Rialto	Pontiac, Michigan
Rialto	Three Rivers, Michigan
Ridgewood	Brooklyn, New York
Rivera	Brooklyn, New York
Riverside	New York, New York
Riviera	New York, New York
Riviera	Niles, Michigan
Riviera	Three Rivers, Michigan
Rivoli	Hempstead, New York
Rivoli	New Brunswick, New Jersey
Rivoli	Rutherford, New Jersey
RKO	
Proctor's	Newark, New Jersey
Robinhood	Grand Haven, Michigan
Rockland	Nyack, New York
Roosevelt	Flushing, New York

Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Paramount Pictures, et al., U.S. District Court, S.D. New York, 1948-1949 Trade Cases ¶62,335, (Nov. 8, 1948).pdf

Roosevelt	Woodhaven, New York
Roxy	Flint, Michigan
Roxy	Sturgis, Michigan
Royal	Grand Rapids, Michigan
Savoy	Brooklyn, New York
Scarsdale	Scarsdale, New York
Senate	Brooklyn, New York
Silver	Greenville, Michigan
Southtown	Lansing, Michigan
Square	Bronx, New York
Squire	Great Neck, New York
Stadium	Brooklyn, New York
State	Ann Arbor, Michigan
State	East Lansing, Michigan
State	Flint, Michigan
State	Huntington, West Virginia
State	Jersey City, New Jersey
State	Kalamazoo, Michigan
State	Muskegon, Michigan
State	New Brunswick, New Jersey
State	Pontiac, Michigan
State	Trenton, New Jersey
Steinway	Astoria, Queens, New York
Stoddard	New York, New York
Stone	Brooklyn, New York
Strand	Battle Creek, Michigan
Strand	Flint, Michigan
Strand	Jersey City, New Jersey
Strand	Niles, Michigan
Strand	Owosso, Michigan Strand Pontiac, Michigan
Strand	Rockville Center, New York
Strand	Saginaw, Michigan
Strand	Sturgis, Michigan
Sunnyside	Woodside, New York
Supreme	Brooklyn, New York
Surf	Brooklyn, New York
Teaneck	Teaneck, New Jersey
Temple	Saginaw, Michigan
Times	Cincinnati, Ohio
Tipton	Huntington, West Virginia
Tivoli	Jersey City, New Jersey
Trabay	Traverse, Michigan
Triboro	Astoria, Queens, New York
Tuxedo	Bronx, New York
Uptown	Kalamazoo, Michigan
Utica	Brooklyn, New York
Valentine	Bronx, New York
Valley	Stream Valley Stream, New York
Victoria	Ossining, New York
Victory	Bayside West, New York
Vogue	Manistee, Michigan
Waldorf	Brooklyn, New York
Walker	Brooklyn, New York
Ward	Bronx, New York
Wealthy	Grand Rapids, Michigan
Westown	Bay City, Michigan



*Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Paramount Pictures, et al., U.S. District Court, S.D. New York, 1948-1949 Trade Cases ¶62,335, (Nov. 8, 1948).pdf*

Westwood	Westwood, New Jersey
Whitney	Ann Arbor, Michigan
Wilson	Brooklyn, New York
Wolverine	Saginaw, Michigan
Wuerth	Ann Arbor, Michigan
Wuerth	Ypsilanti, Michigan
43rd Street	Long Island City, New York
77th Street	New York, New York

The existing joint ownership in the above enumerated theatres shall be terminated within one year from the date hereof in accordance with the following provisions:

(a) As to not to exceed thirty theatres from the above list, the RKO exhibitor-defendants or the New Theatre Company may elect to terminate such ownership either by acquiring the interest of the co-owner or co-owners therein, or by sale of the interest of RKO therein in accordance with paragraph (b) hereof. Such thirty theatres may include the Alden Theatre, Jamaica, N. Y.; the Midway Theatre, Forest Hills, N. Y.; and two of the following theatres: Castle Hill, Marble Hill, and Pelham Theatres, Bronx, New York. Except for such four theatres, none of such thirty theatres shall be located in New York City. In the event that the existing joint interest in the RKO Proctor's Theatre at Newark, N. J., is not terminated within one year in accordance with the provisions of this paragraph, such joint interest may continue, provided that one of the joint owners shall have the sole management of the theatre and the other shall exercise no control of any kind over the theatre, except to receive fixed payments during the balance of the agreements, which shall not be determined by the net earnings of the theatre.

(b) As to the remainder of the theatres above listed, including all other of such listed theatres located in New York City, the RKO exhibitor-defendants shall terminate such relation by a sale or other disposition of the interest of RKO therein, which may be either (i) to a co-owner or co-owners; or (ii) to a party not a defendant and not owned or controlled by or affiliated with a defendant in this cause.

B. In the event that the RKO exhibitor-defendants shall, pursuant to the provisions of section III-A-9(a), acquire the interest of their co-owners in all the theatres now owned, leased, or operated by Trenton-New Brunswick Theatres Company in Trenton, New Jersey, the RKO exhibitor-defendants shall dispose of all of their interest in one first-run theatre in Trenton. The RKO exhibitor-defendants shall effect such disposition within one year from the date of their acquisition of such theatres, and shall effectuate this provision by a sale to a party not a defendant herein or owned or controlled by or affiliated with a defendant herein.

C. Within one year of the date hereof, the RKO exhibitor-defendants shall dispose of all their interest in two of the theatres now operated by them on first-run in the central business district of Cincinnati, Ohio. The RKO exhibitor-defendants shall effectuate this provision by a sale to a party not a defendant herein or owned or controlled by or affiliated with a defendant herein,

D. For the purpose of any application or applications for approval of any proposed acquisition, the plaintiff and the RKO exhibitor-defendants hereby waive the necessity of convening a court of three judges pursuant to the expediting certificate filed herein on June 13, 1945; and agree that any application, after reasonable notice of hearing has been given to the Attorney General, may be determined by any judge of the District Court for the Southern District of New York.

E. Upon the dissolution of Radio-Keith-Orpheum Corporation pursuant to the plan of reorganization outlined in the recitals of this decree, and upon the New Theatre Company succeeding to the theatre assets, the RKO defendants shall cause the New Theatre Company to file with the Court its consent to be bound by sections III, IV, V, VII and VIII of this decree, and thereupon the New Theatre Company shall become and thereafter be in all respects bound by the terms of such sections of this decree.

#### IV.



*Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Paramount Pictures, et al., U.S. District Court, S.D. New York, 1948-1949 Trade Cases ¶62,335, (Nov. 8, 1948).pdf*

---

Commencing one year after the entry of this decree the New Theatre Company and the New Picture Company shall be operated wholly independently of one another and shall have no common directors, officers, agents, or employees. Each of them shall thereafter be enjoined from attempting to control or influence the business or operating policies of the other by any means whatsoever.

V.

Howard R. Hughes represents that he now owns approximately 24 percent of the common stock of Radio-Keith-Orpheum Corporation. Within a period of one year from the date hereof, Howard R. Hughes shall either:

A. Dispose of his holdings of the stock of (1) the New Picture Company, or (2) the New Theatre Company, as he may elect, to a purchaser or purchasers who is or are not a defendant herein or owned or controlled by or affiliated with a defendant in this cause; or

B. Deposit with a trustee designated by the court all of his shares of the New Picture Company or the New Theatre Company, as he may elect, under a voting trust agreement whereby the trustee shall possess and be entitled to exercise all the voting rights of such shares, including the right to execute proxies and consents with respect thereto. Such voting trust agreement shall thereafter remain in force until Howard R. Hughes shall have sold his holdings of stock of the New Picture Company or the New Theatre Company to a purchaser or purchasers who is or are not a defendant herein or owned or controlled by or affiliated with a defendant herein, and upon such sale and transfer such voting trust agreement shall automatically terminate. Such trust shall be upon such other terms or conditions, including compensation to the trustee, as shall be prescribed by the Court. During the period of such voting trust, Howard R. Hughes shall be entitled to receive all dividends and other distributions made on account of the trustee shares, and proceeds from the sale thereof.

For the purpose of evidencing his consent to be bound by the terms of section V of this decree, Howard R. Hughes individually has consented to its entry and it shall be binding upon his agents and employees.

VI.

A. Nothing contained in this decree shall be construed to limit, in any way whatsoever, the right of RKO Radio Pictures, Inc., during the period required for the completion of the reorganization of the RKO defendants, which shall in any event occur within one year of the entry of this judgment, to license or in any way to provide for the exhibition of any or all of the motion pictures which it may distribute, in such manner, and upon such terms, and subject to such conditions as may be satisfactory to it, in any theatre in which Radio-Keith-Orpheum Corporation has or may acquire pursuant to the terms of this decree a proprietary interest of ninety-five percent or more either directly or through subsidiaries.

B. From and after the effective date of the reorganization of the RKO defendants, the provisions of the preceding paragraph shall terminate and be of no effect; and from and after such date all licenses of motion pictures distributed by the New Picture Company or RKO Radio Pictures, Inc. for exhibition in any theatre, regardless of its owner or operator, shall be in all respects subject to the terms of this decree.

VII.

A. For the purpose of securing compliance with this decree, and for no other purpose, duly authorized representatives of the Department of Justice shall, on written request of the Attorney General or the Assistant Attorney General in charge of antitrust matters, and on notice to any defendant, reasonable as to time and subject matter, made to such defendant at its principal office, and subject to any legally recognized privilege (1) be permitted reasonable access, during the office hours of such defendant, to all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of such defendant, relating to any of the matters contained in this decree, and that during the times that the plaintiff shall desire such access, counsel for such defendant may be present, and (2) subject to the reasonable convenience of such defendant, and without restraint or interference from it, be permitted to interview its officers or employees regarding any such matters, at which interview counsel for the officer or employee interviewed and counsel



Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Paramount Pictures, et al., U.S. District Court, S.D. New York, 1948-1949 Trade Cases ¶62,335, (Nov. 8, 1948).pdf

---

for such defendant company may be present. For the purpose of securing compliance with this judgment any defendant upon the written request of the Attorney General, or an Assistant Attorney General, shall submit such reports with respect to any of the matters contained in this decree as from time to time may be necessary for the purpose of enforcement of this decree.

B. Information obtained pursuant to the provisions of this section shall not be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of the Department of Justice, except in the course of legal proceedings to which the United States is a party, or as otherwise required by law.

#### VIII.

##### *[ Contingent Upon Approval]*

A. This decree is rendered and entered in lieu of and in substitution for the decree of this court dated December 31, 1946. This decree shall be of no further force and effect and this cause shall be restored to the docket without prejudice to either party if the proposed reorganization of the RKO defendants shall not have been approved by the stockholders of Radio-Keith-Orpheum Corporation within 90 days from the entry of this decree.

##### *[ Jurisdiction Retained]*

B. Jurisdiction of this cause is retained for the purpose of enabling any of the parties to this consent decree to apply to the Court at any time for such orders or direction as may be necessary or appropriate for the construction, modification or carrying out of the same, for the enforcement of compliance therewith, and for the punishment of violations thereof, or for other or further relief.