

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

TANDY CORPORATION and ALLIED
RADIO CORPORATION,

Defendants.

Civil Action No. 71-C-1167

Filed: May 14, 1971

Equitable Relief Sought

COMPLAINT

The United States of America, by its attorneys, acting under the direction of the Attorney General of the United States, brings this civil action against the defendants named herein and complains and alleges as follows:

I

JURISDICTION AND VENUE

1. This complaint is filed under Section 15 of the Act of Congress of October 15, 1914 (15 U.S.C. § 25), as amended, commonly known as the Clayton Act, in order to prevent and restrain the violation by the defendants,

as hereinafter alleged, of Section 7 of the Clayton Act (15 U.S.C. § 18), as amended, and for equitable relief.

2. Each of the named defendants transacts business and is found within the Northern District of Illinois.

II

DEFENDANTS

3. Tandy Corporation ("Tandy"), is named a defendant herein. Tandy is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business in Fort Worth, Texas.

4. Allied Radio Corporation ("Allied of Texas"), is named a defendant herein. Allied of Texas is a corporation organized and existing under the laws of the State of Texas with its principal place of business in Chicago, Illinois. Allied of Texas is a wholly owned subsidiary of Tandy, formed for the purpose of receiving the assets acquired by Tandy in the transaction which is the subject matter of this complaint.

III

TRADE AND COMMERCE

5. A large variety of retail stores sell electronic products such as radios, television sets, phonographs and high fidelity recording and playing systems, and some

specialize in such sales. Retail stores, which are engaged primarily in selling electronic products and which carry products that primarily attract high fidelity enthusiasts, short-wave and citizens band radio users, engineers, ham radio operators, home hobbyists and do-it-yourself electronic consumers, serve a market distinct from markets served by other sellers of electronic products. These retail stores, including their mail order operations serving this market, are hereinafter referred to as electronic specialty stores.

6. Electronic specialty stores sell primarily a wide range of electronic products, equipment, accessories, components and parts, which generally include stereophonic and monaural receivers, tuners, speakers, amplifiers and record changers; tape and disc recorders; short-wave and citizens band transmitters and receivers; walkie-talkie equipment; intercommunication systems; and other similar electronics products. Electronic specialty stores also generally stock thousands of items for the construction, maintenance and repair of electronic products.

7. Electronic specialty stores employ sales personnel versed in the construction and operation of the aforesaid systems and equipment with a technical knowledge of the

use of components and accessories in the construction, maintenance and repair thereof. Some electronic specialty stores carry on an extensive mail order business, maintain mailing lists, and distribute product catalogs as buying guides for purchasers of the aforesaid electronic products.

8. Tandy, through its Radio Shack Division, is engaged primarily in the sale and distribution of the aforesaid electronic products through electronic specialty stores. In fiscal 1969 Tandy had sales of approximately \$180 million and assets of approximately \$132 million and Radio Shack's sales of all products through electronic specialty stores totaled \$67 million. As of April 1970 Radio Shack distributed its electronic products through 660 company-owned and 80 franchised electronic specialty stores located in cities in 46 states. Radio Shack also conducts extensive mail order operations on a nationwide basis.

9. Prior to the acquisition hereinafter alleged, Allied Radio Corporation (hereinafter referred to as "Allied Radio"), was engaged primarily in the sale and distribution of the aforesaid electronic products through electronic specialty stores. In 1969 Allied Radio had sales of approximately \$92 million and assets of approximately \$49 million and its sales of all products through

electronic specialty stores approximated \$55.8 million. Allied Radio purchased the products which it sold from over 600 different domestic and foreign suppliers. Allied Radio marketed its products both under its own private brands and brand names. As of 1969 Allied Radio distributed said products through 41 company-owned electronic specialty stores located in 11 major midwestern states. Allied Radio also conducted extensive mail order operations on a nationwide basis and was reputed to have the world's largest selection of the aforesaid electronic products. Allied Radio's catalog of electronic products served a customer list of approximately 500,000 persons. Areas in which Allied Radio maintained electronic specialty stores were in areas where Tandy maintained electronic specialty stores. The mailing lists of Allied Radio and Tandy overlapped and the catalogs of electronic products were used by substantially the same customers. Tandy is the largest seller of the aforesaid electronic products through electronic specialty stores. Allied Radio, prior to its acquisition by Tandy, was the second or third largest.

IV

OFFENSE CHARGED

10. On or about April 13, 1970, Tandy, through its wholly owned subsidiary Allied of Texas, acquired substantially

all of the assets of Allied Radio.

11. The effect of the aforesaid acquisition may be to substantially lessen competition or tend to create a monopoly in the sale of electronic products through electronic specialty stores in violation of Section 7 of the Clayton Act in the following ways:

(a) actual and potential competition between Tandy and Allied Radio has been eliminated;

(b) actual and potential competition generally in the sale of electronic products through electronic specialty stores has been substantially lessened;

(c) Allied Radio has been eliminated as an independent competitive factor in the sale of electronic products through electronic specialty stores;

(d) Tandy has been entrenched as a leading seller of electronic products through electronic specialty stores;

(e) Barriers to entry into the business of selling electronic products through electronic specialty stores have been raised and concentration in the market has been increased; and

(f) Similar mergers and acquisitions between companies engaged in the sale of electronic products through electronic specialty stores may be fostered and encouraged.


V

PRAYER.

WHEREFORE, plaintiff prays:

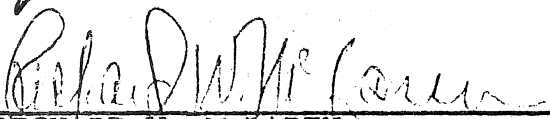
1. That Tandy's acquisition through its wholly owned subsidiary, Allied of Texas, of Allied Radio be adjudged and decreed to be unlawful in violation of Section 7 of the Clayton Act.
2. That Tandy and Allied of Texas be required to divest themselves of all interest in and control of Allied Radio and its assets.
3. That for a period of five years, except with the approval of the plaintiff or of the Court, Tandy and Allied of Texas, their successors and assigns, their officers, directors, agents, employees and all other persons acting or claiming to act on their behalf be enjoined from acquiring the stock or assets of any retail marketer of electronic products through electronic specialty stores.
4. That plaintiff have such other and further relief as the Court may deem just and proper.

5. That plaintiff recover the costs of this
action.



JOHN N. MITCHELL
Attorney General

RALPH M. McCAREINS



RICHARD W. McLAREN
Assistant Attorney General

RONALD L. FUTTERMAN

Attorneys, Department of Justice



BADDIA J. RASHID

Room 2634 United States
Courthouse
Chicago, Illinois 60604
353-6242



ROBERT B. HUMMEL

JOHN E. SARBAUGH

Attorneys, Department of Justice

WILLIAM J. BAUER
United States Attorney