

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,
Antitrust Division
Department of Justice
555 Fourth Street, N.W.
Washington, D.C. 20001

Plaintiff,

vs.

GREYHOUND LINES, INC.
15110 Dallas Parkway, Suite 400
Dallas, TX 75248-4665

Defendant.

CASE NUMBER 1:95CV01852
JUDGE: Royce C. Lamberth
DECK TYPE: Antitrust
DATE STAMP: 09/28/95

COMPLAINT

The United States of America, acting under the direction of the Attorney General of the United States, brings this civil action to obtain equitable and other relief against the defendant named herein, and complains and alleges as follows:

I.

JURISDICTION AND VENUE

1. This Complaint is filed by the United States under Section 4 of the Sherman Act, 15 U.S.C. § 4, as amended, to prevent and restrain a continuing violation by the defendant of Section 1 of the Sherman Act, 15 U.S.C. § 1.

2. The defendant maintains an office, transacts business, and is found within the District of Columbia, within

the meaning of 15 U.S.C. § 22.

II.

DEFENDANT

3. Greyhound Lines, Inc., ("Greyhound"), is a Delaware corporation with its principal place of business in Dallas, Texas. The defendant provides intercity bus transportation services for passengers and package express. It is the nation's only transcontinental bus company. Greyhound's total operating revenues for 1994 were approximately \$616 million.

4. Whenever this Complaint refers to any corporation's act, deed, or transaction, it means that such corporation engaged in the act, deed, or transaction by or through its officers, directors, agents, employees, or other representatives while they actively were engaged in the management, direction, control, or transaction of its business or affairs.

III.

CONCERTED ACTION

5. Various persons, not named as defendants in this Complaint, have participated with the defendant in the violation alleged in this Complaint, and have performed acts and made statements in furtherance thereof.

IV.

TRADE AND COMMERCE

6. The defendant is and has been engaged in the business of selling and providing intercity bus transportation services for passengers and package express throughout the United States.

7. Greyhound operates approximately 200 bus terminals throughout the United States. Other bus companies use many of these terminals pursuant to contracts known as Bus Terminal License Agreements ("BTLs"). Greyhound has approximately 200 BTLs in effect with tenant carriers, in approximately 135 cities.

8. Under the BTLs, Greyhound acts as the exclusive ticketing agent of the other bus companies using its terminals. Greyhound also provides other services to its tenants, including baggage handling, package express handling, and maintenance of the terminal facilities. The tenant bus companies pay rents based on ticket sales, either in the form of a set commission on each ticket sold or a pro rata share of the costs of operating the terminal. If a tenant's sales fall below a certain level, it pays a minimum rental charge.

9. In August 1992, Greyhound notified its tenants that it was terminating all existing BTLs effective September 30, 1992, and that bus companies that wished to continue to use Greyhound's terminals would be required to execute a new

standard BTL offered by Greyhound. Following several months of negotiations, Greyhound and its tenants executed new BTLs, most of which became effective in the first half of 1993.

10. Each BTL currently in effect between Greyhound and its tenant bus companies contains a provision that is substantially identical to the following:

Subject to Section 1, Licensee agrees that during the term hereof, it will use the Terminal as its major terminal in the City of _____ for the aforesaid operations and will not without the prior written consent of Company allow or permit any tickets or busbills to be sold at any other place within a twenty-five (25) mile radius of the Terminal, other than the Terminal, or honor the tickets or busbills of any other carrier for such transportation which are sold within the said twenty-five (25) mile radius. Notwithstanding the foregoing, tickets or busbills of Licensee may continue to be sold, and Licensee may honor the tickets or busbills of other carriers which are sold, at any place within the twenty-five (25) mile radius where they are being sold as of the date of this Agreement. A list of such places where tickets or busbills of Licensee are sold within the twenty-five mile radius of the Terminal is appended to this Agreement as Appendix 3. If Licensee wishes to change any such place of sale of its tickets or busbills to another place within five (5) miles of such place and within the said twenty-five (25) mile radius of the Terminal, Licensee may make such change upon thirty (30) days written notice to Company. It is further understood that in all of Licensee's bus schedules and advertising pertaining to its aforesaid operations, the Terminal shall appear as the only place in the City of _____ where tickets or busbills are on sale.

This provision is commonly known as the "25-mile rule."

11. The 25-mile rule prohibits a tenant carrier from selling any tickets within 25 miles of the Greyhound terminal in which it is a tenant (unless the location was grandfathered-in at the time the BTL was negotiated) or from accepting

tickets sold by any other carrier within that area. Thus, tenant bus companies are prohibited from selling tickets at other bus terminals or stops that may be more convenient for some passengers, through travel agents, or by telephone from their corporate headquarters if they are within the 25-mile radius.

12. Bus companies often wish to serve more than one terminal in the same city in order to increase their opportunities to interline (exchange passengers) with other carriers. Interlining benefits consumers both by increasing the number of destinations to which they have convenient connecting service and, in some cases, by giving them a choice of competing bus companies for at least part of their trip.

13. The 25-mile rule inhibits tenant bus companies from operating out of more than one location in the same city. Although such operations are not expressly prohibited by the BTLs, bus companies find it undesirable to operate out of a terminal if originating passengers cannot purchase tickets there.

14. Bus companies may also wish to originate passengers at locations within 25 miles of a terminal such as airports, hotels, college campuses and other popular stops. The inability to sell originating tickets at these locations can discourage a bus company from offering services to or from these locations.

15. The activities of the defendant that are the subject of this Complaint have been within the flow of, and have substantially affected, interstate trade and commerce.

V.

VIOLATION ALLEGED

16. During the period beginning at least as early as October 1992 and continuing through at least the present, the defendant entered into agreements with its tenant bus companies restricting the sale of tickets for intercity bus transportation in unreasonable restraint of interstate trade and commerce in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. These offenses are likely to recur unless the relief hereinafter sought is granted.

17. For the purpose of forming and effectuating these agreements, the defendant did the following things, among others:

- (a) required the tenant bus companies to agree to the 25-mile rule in the BTLs; and
- (b) enforced the 25-mile rule in the BTLs.

18. These agreements had the following effects, among others:

- (a) consumers of intercity bus transportation have been deprived of the benefits of free and open competition in the sale and provision of intercity bus transportation services;

(b) entry and expansion of intercity bus service at competing terminals and other locations by defendant's tenants has been inhibited; and

(c) competition for the sale of bus tickets in certain markets at certain times has been unreasonably restrained.

VI.

PRAYER

WHEREFORE, the plaintiff prays that:

1. The Court adjudge and decree that the defendant entered into an unlawful agreement in unreasonable restraint of interstate trade and commerce in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1;

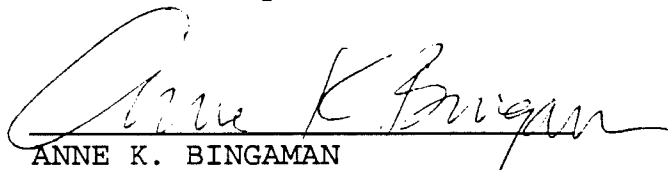
2. The defendant, its officers, directors, agents, employees, and successors and all other persons acting or claiming to act on its behalf be enjoined, restrained, and prohibited, for a period of ten years from, in any manner, directly or indirectly, continuing, maintaining, enforcing or renewing these agreements, or from engaging in any other combination, conspiracy, agreement, understanding, plan, program, or other arrangement having the same effect as the alleged violation;

3. The United States have such other relief as the nature of the case may require and the Court may deem just and

proper; and

4. The United States recover costs in this action.

DATED: September 28, 1995



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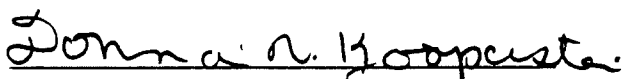


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