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10 UNITED STATES DISTRICT COURT
11 CENTRAL DISTRICT OF CALIFORNIA

12 UNITED STATES OF AMERICA,

13 Plaintiff,

14 v.

15 KDI CORPORATION; KDI-AQUA
16 SYSTEMS, INC.; and JHO
17 DISSOLUTION CO.,

18 Defendants.

Civil Action No. 71-2363-AAH

Filed: Sept. 11, 1972

Entered: November 20, 1972

19 FINAL JUDGMENT

20 Plaintiff, United States of America, having filed its
21 complaint herein on October 1, 1971, and defendants KDI
22 Corporation and KDI-Aqua Systems, Inc. having filed their
23 answers thereto; plaintiff and defendants KDI Corporation
24 and KDI-Aqua Systems, Inc., by their attorneys, having con-
25 sented to the entry of this Final Judgment; and this Court
26 having determined pursuant to Rule 54(b) of the Federal Rules
27 of Civil Procedure that there is no just reason for delay in
28 entering a Final Judgment against KDI Corporation and KDI-
29 Aqua Systems, Inc. only;

30 NOW THEREFORE, before the taking of any testimony and
31 without trial or adjudication of any issue of fact or law
32 and without this Final Judgment constituting any evidence
or admission by any party with respect to any issue of fact

2 the business to be divested by the ordinary and usual means
3 for a sale of such a business, and shall furnish to all
4 bona fide prospective purchasers on an equal and non-
5 discriminatory basis all information, regarding the business
6 to be divested, which is reasonably necessary for the above
7 purpose.

8 (I) If the divestiture requirements of subsection (A)
9 of this Section IV have not been met within thirty (30)
10 months from the date of entry of this Final Judgment, KDI
11 shall place in control of a trustee promptly after his
12 appointment by this Court, upon application of plaintiff,
13 at the cost and expense of KDI, all of KDI's then undivested
14 interest in the Southern California business of Royal. Said
15 trustee shall within one year of his appointment dispose
16 of such interest, subject to the limitations of subsections
17 (D) and (E) of this Section IV and after obtaining the
18 plaintiff's approval, and pending such disposition shall
19 have full authority to manage such interest, subject to the
20 Court's supervision.

21 (J) Until the divestiture required by this Final
22 Judgment is accomplished, KDI shall take no action to impair
23 the viability of any of the businesses to be divested or
24 KDI's ability to accomplish such divestiture, and KDI shall
25 use its best efforts in operating and promoting the
26 businesses to be divested.

27 V

28 KDI is enjoined and restrained, without first obtaining
29 the consent of plaintiff or approval of this Court, upon
30 KDI's establishing by preponderance of the evidence that the
31 acquisition will not lessen competition or tend to create a
32 monopoly in any line of commerce, from acquiring directly or

2 of entry of this Final Judgment a controlling interest in the
3 assets, business, good will or stock of any person installing
4 (except as a franchisee of KDI), or licensing or franchising
5 others to install, swimming pools in Southern California.

6 VI

7 (A) For the purpose of determining or securing com-
8 pliance with this Final Judgment and for no other purpose,
9 defendant KDI shall permit duly authorized representatives
10 of the Department of Justice, on written request of the
11 Attorney General or the Assistant Attorney General in charge
12 of the Antitrust Division, and on reasonable notice to such
13 defendant's principal office, subject to any legally recog-
14 nized privilege:

15 (1) Access during the office hours of such
16 defendant, who may have counsel present, to those
17 books, ledgers, accounts, correspondence, memoranda,
18 and other records and documents in the possession or
19 under the control of such defendant which relate
20 to any matters contained in this Final Judgment;

21 (2) Subject to the reasonable convenience
22 of such defendant and without restraint or inter-
23 ference from it, to interview officers or employees
24 of such defendant, who may have counsel present,
25 regarding such matters.

26 (B) Upon written request of the Attorney General or the
27 Assistant Attorney General in charge of the Antitrust Division,
28 such defendant shall submit such reports in writing, with
29 respect to the matters contained in this Final Judgment, as
30 may from time to time be requested.

31 (C) No information obtained by the means provided in
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1 this Section VI of this Final Judgment shall be divulged by
2 any representative of the Department of Justice to any person
3 other than a duly authorized representative of the
4 Executive Branch of the plaintiff, except in the course of
5 legal proceedings to which the United States is a party for
6 the purpose of securing compliance with this Final Judgment
7 or as otherwise required by law.

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VII

Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Final Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the construction or modification of any of the applicable provisions thereof, for the enforcement of compliance therewith, and for the punishment of violations thereof.

VIII

This Final Judgment shall remain in full force and effect for ten (10) years, and no longer, from the date of entry hereof, except as to any provision herein for which a shorter term is specified therein.

Dated: November 20, 1972

/s/ ROBERT J. KELLEHER
United States District Judge
for Hon. Andrew Hauk