

U. S. v. CRESCENT AMUSEMENT COMPANY, INC.
IN THE DISTRICT COURT OF THE UNITED STATES FOR
THE MIDDLE DISTRICT OF TENNESSEE.
NASHVILLE DIVISION
Civil Action No. 54.
UNITED STATES OF AMERICA, PLAINTIFF,
VS.
CRESCENT AMUSEMENT COMPANY, INCORPORATED, ET AL.
DEFENDANTS.

FINAL DECREE

This cause having come on for hearing before this Court upon the pleadings and upon the testimony, both oral and documentary, introduced at the trial of this cause, and the same having been argued by counsel both orally and upon briefs submitted, and the Court having made and filed its findings of fact and conclusions of law herein on the 3rd day of March, 1943:

It is hereby ordered, adjudged and decreed as follows:

(1) That the defendants, The Crescent Amusement Company, a corporation, Muscle Shoals Theatres, a partnership, Rockwood Amusements, Inc., Cherokee Amusements, Inc., Lyric Amusement Company, Inc., and Kentucky Amusement Company, Inc., be and they hereby are enjoined and restrained from continuing in combination with each other and with each of the distributors, Paramount, Fox and Warner, in making franchises with the purpose and effect of maintaining their theatre monopolies and preventing independent theatres from competing with them; and are further enjoined and restrained from entering into any similar combinations and conspiracies having similar purposes and objects.

(2) That the defendants, The Crescent Amusement Company, Muscle Shoals Theatres, Rockwood Amusements, Inc., Cumberland Amusement Company, a corporation, Cherokee Amusements, Inc., Anthony Sudekum, Kermit C. Stengel, and Louis Rosebaum, be, and they hereby are, enjoined and restrained from continuing in combination with each other for the purpose of dividing the territory in which theatres may be operated by any of them pursuant to implied agreements among themselves; and are further enjoined and restrained from entering into any similar combinations and conspiracies having similar purposes and objects.

(3) That the defendants, The Crescent Amusement Company, Muscle Shoals Theatres, Rockwood Amusements, Inc., Cumberland Amusement Company, a cor-

poration, Cherokee Amusements, Inc., Anthony Sudekum, Kermit C. Stengel, and Louis Rosenbaum, be, and they are hereby enjoined and restrained from continuing in combination with each other for the purpose and with the effect of eliminating, suppressing and preventing independent competition in the territory in which each operates; and are further enjoined and restrained from entering into any similar combinations and conspiracies having similar purposes and objects.

(4) That the defendants, The Crescent Amusement Company, Muscle Shoals Theatres, Rockwood Amusements, Inc., Cumberland Amusement Company, a corporation, Cherokee Amusements, Inc., Anthony Sudekum, Kermit C. Stengel, and Louis Rosenbaum, be, and they hereby are, enjoined and restrained from continuing in combination with each other, and with Paramount, Fox, Warner, Loew's RKO, and United Artists in licensing films for the purpose and with the effect of maintaining their theatre monopolies and preventing independent theatres from competing with them; and are further enjoined and restrained from entering into any similar combinations and conspiracies having similar purposes and objects.

(5) That the defendant United Artists Corporation, be, and it hereby is, enjoined and restrained from continuing in combination with Cumberland, Rockwood, and Stengel to eliminate its independent theatre competition at Rogersville, Tennessee; and is further enjoined and restrained from entering into any similar combinations having similar purposes and objects.

(6) That the defendant United Artists Corporation be, and it hereby is, enjoined and restrained from continuing in combination with Rosenbaum, Sudekum, Rockwood, and Stengel to eliminate independent theatre competition of Muscle Shoals at Athens, Alabama; and is further enjoined and restrained from entering into any similar combinations having similar purposes and objects.

(7) That each of the defendants, The Crescent Amusement Company, Muscle Shoals Theatres, Rockwood Amusements, Inc., Cumberland Amusement Company, and Cherokee Amusements, Inc., be, and it hereby is, enjoined and restrained from creating or maintaining an unreasonable monopoly of the business of operating theatres in the towns of Tennessee, Northern Alabama, and Central and Western Kentucky, in which each has theatres.

(8) That each of the defendants, The Crescent Amusement Company, Muscle Shoals Theatres, Rockwood Amusements, Inc., Cumberland Amusement Company, and Cherokee Amusements, Inc., be, and it hereby is, enjoined and restrained from combining its closed towns with its competitive situations, in licensing films for the purpose and with the effect of compelling the major distributors to license films on a non-competitive basis in competitive situations and to discriminate against its independent competitors in licensing films.

(9) That each of the defendants, The Crescent Amusement Company, Muscle Shoals Theatres, Rockwood Amusements, Inc., Cumberland Amusement Company, and Cherokee Amusements, Inc., its officers, agents or servants, be and it hereby is enjoined and restrained from coercing or attempting to coerce independent operators into selling out to it, or to abandon plans to compete with it by predatory practices.

(10) That all existing franchises to which the Crescent Amusement Company, Muscle Shoals Theatres, Rockwood Amusements, Inc., Cumberland Amusement Company, Cherokee Amusements, Inc., Lyric Amusements Company, Inc., Kentucky Amusement Company, Inc., Anthony Sudekum, Kermit C. Stengel, or Louis Rosenbaum, hereinafter referred to as the exhibitor defendants, is a party, be, and they hereby are, declared invalid, except insofar as any such franchise may relate to theatres operated by any of said defendants, in Nashville, Ten-

nessee, the validity of which the Court does not expressly adjudicate in this cause.

(11) That all existing agreements not to compete in the future to which any exhibitor defendant is a party, be, and they hereby are, declared invalid.

(12) That each exhibitor defendant be, and hereby is, enjoined and restrained from conditioning the licensing of films in any competitive situation outside Nashville, Tennessee, upon the licensing of films in any other theatre situation.

(13) That each of the corporate exhibitor defendants, be, and it hereby is, required to divest itself of the ownership of any stock or other interest in any other corporate defendant, or affiliated corporation, with the exception of Strand Enterprises, Inc., and each such defendant is hereby enjoined and restrained from acquiring the ownership of any stock or other interest in any other corporate defendant, or affiliated corporation, with the exception of Strand Enterprises, Inc.

(14) That the defendant, Louis Rosenbaum, be, and he hereby is, required to divest himself of any interest which he may have in any of the corporate defendants, and said defendant Rosenbaum is hereby enjoined and restrained from acquiring any interest in said corporate defendants.

(15) That the defendant, Anthony Sudekum, be, and he hereby is, required to resign as an officer of any corporation except the Crescent Amusement Company, which is affiliated with and exhibitor defendant, and said defendant is enjoined and restrained from acquiring any control over any such affiliated corporation, except the Crescent Amusement Company, by acting as an officer thereof, or otherwise.

(16) That the defendant, Kermit C. Stengel, be, and he hereby is, required to resign as an officer of any corporation, except one defendant corporation of his choice, which is affiliated with any exhibitor defendant, and said defendant is enjoined and restrained from acquiring any control over any such affiliated corporation, except the

corporation of his choice, by acting as an officer thereof, or otherwise.

(17) Wherever reference is made in this decree to affiliated corporations such reference shall not include the following corporations: Bijou-Louisiana Corporation, Shreveport Theatre Corporation, Bijou-Pensacola Corporation, Bijou-Ft. Worth Corporation, Ace Theatre Corporation, Lincoln Amusement Company, Lewisburg Theatre Company, The Auditorium Company, Hippodrome Attractions, Stock Yards, Ricks Hosiery Mills, Springfield Woolen Mills, Mid-State, Chickasaw, Dickson and Nu-Strand Corporation.

(18) That the acts of dissolution described in paragraphs (13), (14), (15), and (16) hereof, shall be performed within one year from date of entry of this decree.

(19) That the exhibitor defendants, and each of them be, and they hereby are, enjoined and restrained from acquiring a financial interest in any additional theatres, outside Nashville, Tennessee, in any town where there is already located a theatre, whether in operation or not, unless the owner of such theatre should voluntarily offer to sell same to either of the exhibitor defendants, and when none of said defendants, their officers, agents or servants are guilty of any of the acts or practices prohibited by paragraph nine (9) hereof.

(20) That the jurisdiction of this cause is retained for the purpose of enabling any of the parties to this decree to apply to the Court at any time for such further orders and decrees as may be necessary or appropriate for the construction or carrying out of this decree, for modification or termination of any of the provisions thereof, for the enforcement or compliance therewith and for the punishment of violations thereof.

(21) That the costs of this action shall be taxed against the exhibitor defendants.

(22) That the Bill of Complaint be, and it hereby is, dismissed as to the defendants, Strand Enterprises, Inc.,

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Universal Pictures Company, Inc., Universal Film Exchanges, Inc., Columbia Pictures Corporation, and R. E. Baulch, upon the merits.

Enter: May 17, 1943.

ELMER D. DAVIES
United States District Judge