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12 **UNITED STATES DISTRICT COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA**

14
15 UNITED STATES OF AMERICA,
Plaintiff,
16
v.
17
18 TRIBUNE PUBLISHING CO.,
Defendant.

Case No. 2:16-cv-01822

COMPLAINT

20

1 1. The *Los Angeles Times* and the Orange County *Register* together
2 account for about 98 percent of the circulation of local daily newspapers in Orange
3 County, California. Until now, those two newspapers have been owned by
4 different companies and operated separately. Defendant Tribune Publishing
5 Company (“Tribune”), the owner of the *Los Angeles Times*, is now trying to
6 acquire Freedom Communications, Inc. (“Freedom”), the owner of the Orange
7 County *Register* and the Riverside County *Press-Enterprise*. On March 16,
8 Tribune bid successfully in a bankruptcy auction for the assets of Freedom and will
9 seek bankruptcy court approval of its acquisition on March 21.

10 2. If the acquisition is not enjoined, Tribune would monopolize the
11 market and control the only two local daily newspapers with meaningful
12 circulation in Orange County. Tribune, after the acquisition of Freedom, would
13 also own four of the top five daily newspapers with highest circulation in Riverside
14 County and monopolize newspapers in that county as well. Tribune’s dominant
15 position in both Orange County and Riverside County would allow it to, among
16 other harmful effects, increase subscription prices and advertising rates to
17 businesses targeting readers in those areas. Overall, Tribune would own the four
18 local daily newspapers with the highest circulation in Southern California.

19 3. Therefore, the United States of America, acting under the direction of
20 the Attorney General of the United States, brings this civil antitrust action to obtain

1 equitable relief to prevent Tribune from acquiring Freedom, the Orange County
2 *Register*, or the Riverside *Press-Enterprise*. The United States alleges as follows:

3 **I. JURISDICTION, INTERSTATE COMMERCE, AND VENUE**

4 4. The United States brings this action, and this Court has subject-matter
5 jurisdiction over this action, under 15 U.S.C. §§ 4 and 25, and 28 U.S.C. §§ 1331,
6 1337(a), and 1345, to prevent and restrain Tribune from violating Section 7 of the
7 Clayton Act, as amended, 15 U.S.C. § 18.

8 5. Tribune is engaged in, and its activities substantially affect, interstate
9 commerce. Tribune sells advertising to advertisers located throughout the United
10 States. Tribune regularly publishes news, syndicated material, and other
11 information in the *Los Angeles Times* that is gathered from other states and nations.
12 Tribune similarly publishes news and information that is disseminated in other
13 states and nations. Supplies necessary to publish newspapers, such as newsprint,
14 are routinely received from other states.

15 6. Tribune maintains offices, transacts business, and owns substantial
16 assets in the Central District of California. Accordingly, this Court has personal
17 jurisdiction over the Defendant. Venue is proper under Section 12 of the Clayton
18 Act, 15 U.S.C. § 22 and under 28 U.S.C. § 1391.

1 **II. THE DEFENDANT AND THE TRANSACTION**

2 7. Tribune owns the *Los Angeles Times*. Tribune is a major media
3 company headquartered in Chicago, Illinois. It publishes 11 major daily
4 newspapers across California, Illinois, Florida, Maryland, Connecticut, Virginia,
5 and Pennsylvania. It is a Delaware corporation.

6 8. On November 1, 2015, Freedom filed for Chapter 11 bankruptcy in
7 the Central District of California. Bids for Freedom’s assets were submitted on
8 March 11, 2016. On March 16, 2016, an auction for Freedom’s assets was held.
9 Tribune bid \$56 million and won the auction. At least two bidders other than
10 Tribune submitted bids for Freedom and its newspaper assets. Unlike Tribune,
11 neither of the alternative bidders for Freedom would threaten competition in
12 Orange County or Riverside County. Tribune’s purchase of Freedom’s assets is
13 subject to final bankruptcy court approval in the United States Bankruptcy Court
14 for the Central District of California on March 21, 2016. Unless the acquisition is
15 enjoined by this Court, Tribune will be free to close the transaction once it obtains
16 bankruptcy court approval.

17 **III. RELEVANT MARKETS**

18 9. Tribune’s acquisition of Freedom would harm competition in four
19 relevant markets. First, the acquisition would harm buyers of English-language
20 local daily newspapers in Orange County. Second, it would harm buyers of local

1 advertising in English-language local daily newspapers in Orange County. Third,
2 the acquisition would harm buyers of English-language local daily newspapers in
3 Riverside County. Finally, it would harm buyers of local advertising in English-
4 language local daily newspapers in Riverside County.

5 A. **The Relevant Product Markets**

6 10. Local daily newspapers provide a unique package of attributes for
7 their readers. They provide national, state, and local news and sports information
8 in a timely manner and in a convenient, hardcopy format. The news stories
9 featured in such newspapers are more detailed, when compared to the news
10 reported by radio or television, and they cover a wide range of topics of interest to
11 local readers, not just major news highlights. Newspapers are portable and allow
12 the reader to read the news, advertisements, and other information at his or her
13 own convenience without the use of devices to access content. Readers also value
14 other features of local daily newspapers, such as calendars of local events, movie
15 and TV listings, classified advertisements, commercial advertisements, legal
16 notices, comics, syndicated columns, and obituaries. Most English-speaking
17 readers would not consider daily newspapers published in other languages as good
18 substitutes for daily newspapers published in English. Thus, the sale of English-
19 language local daily newspapers is a relevant product market and a line of
20 commerce within the meaning of Section 7 of the Clayton Act.

1 11. Local advertising in local daily newspapers allows local advertisers to
2 reach a broad cross-section of consumers in a local area with a detailed message in
3 a timely manner. Many local advertisers seeking to reach consumers in that area
4 do not consider other types of advertising, such as that in weekly newspapers, on
5 radio, on television, or on the Internet, to be good substitutes for advertising in a
6 local daily newspaper. Many advertisers seeking to reach English-speaking
7 readers would not consider daily newspapers published in other languages as good
8 substitutes for daily newspapers published in English. Thus, the sale of local
9 advertising to reach readers of English-language local daily newspapers is a
10 relevant product market and a line of commerce within the meaning of Section 7 of
11 the Clayton Act.

12 **B. The Relevant Geographic Markets**

13 12. The *Los Angeles Times* and the Orange County *Register* are produced,
14 published, and distributed to readers in or near Orange County, California. Both
15 newspapers provide news relating to Orange County, in addition to state, national,
16 and international news. These two organizations gather Orange County news to
17 include in both their print newspapers as well as on their associated news websites.

18 13. English-language local daily newspapers that are not produced,
19 published, and distributed in or near Orange County likely do not regularly provide
20 local news specific to that county. Besides the *Los Angeles Times*, local daily

1 newspapers from outside of Orange County do not have any significant circulation
2 or sales inside Orange County.

3 14. The *Los Angeles Times* and the *Riverside Press-Enterprise* are
4 produced, published, and distributed to readers in or near Riverside County,
5 California. Both newspapers provide news relating to Riverside County, in
6 addition to state, national, and international news.

7 15. English-language local daily newspapers that are not produced,
8 published, and distributed in or near Riverside County likely do not regularly
9 provide local news specific to that county. Other than the *Los Angeles Times* and
10 the *Orange County Register*, local daily newspapers based outside of Riverside
11 County do not have any significant circulation or sales inside Riverside County.

12 16. Accordingly, Orange County, California and Riverside County,
13 California are each relevant geographic markets and sections of the country within
14 the meaning of Section 7 of the Clayton Act.

15 **IV. ANTICOMPETITIVE EFFECTS**

16 17. Tribune's acquisition of Freedom and its newspapers would
17 monopolize and substantially lessen competition in the English-language local
18 daily newspaper markets in Orange County and Riverside County.

19 18. The *Los Angeles Times* and the *Orange County Register* are the only
20 English-language local daily newspapers with significant circulation in Orange

1 County. If Tribune acquires Freedom's assets, it will control 98 percent of the
2 sales of English-language local daily newspapers to readers in Orange County.

3 19. In Riverside County, the *Riverside Press-Enterprise*, the Orange
4 *County Register*, and the *Los Angeles Times* are the three leading English-language
5 daily newspapers by circulation. Tribune also owns the fifth largest circulation
6 English-language daily newspaper in Riverside County, the *San Diego Union-*
7 *Tribune*. Tribune's acquisition of Freedom would result in Tribune owning four of
8 the top five English-language newspapers by circulation in Riverside County with
9 81 percent of the English-language daily newspaper circulation. Most of the
10 remainder belongs to the Palm Springs *Desert Sun*, with circulation primarily in
11 and around Palm Springs.

12 20. Acquiring Freedom and its assets will increase Tribune's share of
13 English-language daily newspaper circulation from approximately 41 percent to
14 approximately 98 percent in Orange County. In Riverside County, the acquisition
15 will increase Tribune's share of circulation from approximately 12 percent to 81
16 percent. Tribune's acquisition of Freedom's assets would eliminate price and
17 quality competition in the market for English-language local daily newspapers and
18 give the merged firm the motivation and capability to raise subscription and sales
19 prices to readers.

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1 in those counties, and expand their distribution into those counties. No English-
2 language daily newspapers in areas adjacent to Orange County and Riverside
3 County would likely expand into Orange County or Riverside County to prevent
4 harm from Tribune's acquisition of Freedom.

5 **VI. VIOLATION ALLEGED**

6 **(Violation of Section 7 of the Clayton Act)**

7 24. The United States alleges and incorporates paragraphs 1 through 23 as
8 if set forth fully herein. The effect of Tribune's acquisition of Freedom and its
9 assets will likely be to lessen competition substantially and to tend to create a
10 monopoly in interstate trade and commerce in the sale of English-language local
11 daily newspapers and local advertising in those newspapers in the Orange County,
12 California and Riverside County, California, in violation of Section 7 of the
13 Clayton Act, 15 U.S.C. § 18.

14 **VII. REQUEST FOR RELIEF**

15 25. The United States requests:

16 (a) That the acquisition of Freedom and its assets, including, but
17 not limited to, the Orange County *Register*, the Riverside *Press-Enterprise*, and
18 assets needed to produce, publish, and distribute them, by Tribune, be adjudged to
19 violate Section 7 of the Clayton Act, 15 U.S.C. § 18;

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(b) That Tribune be permanently enjoined and restrained from acquiring Freedom and its assets, including, but not limited to the Orange County *Register*, the Riverside *Press-Enterprise*, and assets needed to produce, publish, and distribute them;


(c) That the United States be awarded its costs of this action; and


(d) That the United States be awarded such other relief as the Court may deem just and proper.


1 DATED: March 17, 2016
FOR PLAINTIFF UNITED STATES OF AMERICA

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3 
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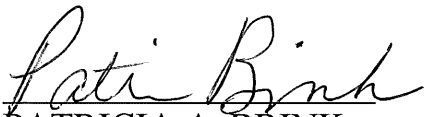

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