



# Department of Justice

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AT  
(202) 514-2007  
TDD (202) 514-1888

## **MEDIA EXECUTIVE JOHN MALONE TO PAY \$1.4 MILLION CIVIL PENALTY FOR VIOLATING ANTITRUST PREMERGER NOTIFICATION REQUIREMENTS**

### *Violations Occurred When Malone Purchased Discovery Holding Co. Voting Securities*

WASHINGTON — Media executive John C. Malone will pay a \$1.4 million civil penalty to settle charges that he violated premerger reporting and waiting requirements when he acquired Discovery Holding Co. voting securities, the Department of Justice announced today.

The Department's Antitrust Division, at the request of the Federal Trade Commission, filed a civil antitrust lawsuit today in U.S. District Court in Washington, D.C., against Malone for violating the notification requirements of the Hart-Scott-Rodino (HSR) Act of 1976. At the same time, the Department filed a proposed settlement that, if approved by the court, will settle the charges.

Malone is Chairman of the Board of Liberty Media Corporation and Chief Executive Officer and Chairman of the Board of Discovery Holding Co., a leading provider of non-fiction television entertainment headquartered in Englewood, Colo.

According to the complaint, Malone failed to comply with the antitrust premerger notification requirements of the HSR Act before acquiring voting securities of Discovery in August 2005, and continued to acquire Discovery voting securities through April 2008. On June 12, 2008, Malone made a corrective filing for the acquisitions of Discovery voting securities. Before the expiration of the waiting period triggered by the June 12, 2008, filing, Malone made additional acquisitions of Discovery voting securities on June 14, 2008, when he exercised two options. Malone exercised these options using an escrow arrangement, but the escrow arrangement did not prevent beneficial ownership of the voting securities from passing to Malone in violation of the Act. The complaint alleges that Malone was in violation of the HSR Act from Aug. 9, 2005, through July 14, 2008.

The Hart-Scott-Rodino Act of 1976, an amendment to the Clayton Act, imposes notification and waiting period requirements on individuals and companies over a certain size before they consummate acquisitions resulting in holding stock or assets above a certain value, which was \$53.1 million in August 2005, and with annual adjustments to reflect changes in gross national product is currently \$65.2 million.

Federal courts can assess civil penalties for premerger notification violations under the HSR Act in lawsuits brought by the Department of Justice. For a party in violation of the HSR

Act before Feb. 10, 2009, the maximum civil penalty is \$11,000 a day for each day it is in violation of the Act. For a party in violation of the HSR Act on or after Feb. 10, 2009, the maximum penalty is \$16,000 a day.

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