

# FTC news

Federal Trade Commission *Washington, D.C. 20580*

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FOR RELEASE: January 8, 1992

**GENERAL CINEMA CORP. AGREES TO PAY \$950,000 CIVIL PENALTY  
TO SETTLE FTC CHARGES THAT IT FAILED TO NOTIFY  
FTC BEFORE ACQUIRING CADBURY SCHWEPPE'S STOCK**

General Cinema Corp. has agreed to settle charges that it did not comply with federal premerger notification requirements when it acquired stock in Cadbury Schweppes plc, the Federal Trade Commission announced today. The settlement, which would require General Cinema to pay \$950,000 in civil penalties, is subject to federal district court approval.

The settlement stems from a complaint filed by the government in federal court last January. The complaint alleges that General Cinema began acquiring Cadbury Schweppes' stock in September 1986 and accumulated Schweppes' holdings which exceeded the \$15 million threshold that normally triggers premerger notification and waiting requirements under the Hart-Scott-Rodino (HSR) amendments to the Clayton Act. General Cinema did not file a premerger notification until January 1987.

The HSR amendments require that a company, upon passing the threshold, file documents describing the proposed transaction with the FTC and the Department of Justice and observe a waiting period while the transaction is reviewed for possible antitrust law violations. Under HSR, any entity that fails to make a timely premerger filing and observe the prescribed waiting period is liable for a penalty of up to \$10,000 a day. According to the complaint, General Cinema acquired Cadbury Schweppes stock without notifying the FTC in accordance with HSR requirements.

The notification responsibility does not apply when stock is acquired solely for investment purposes. General Cinema defended its failure to file notification based upon this investment exemption. The government alleged that General Cinema did not acquire the stock solely for investment purposes, because General Cinema was considering ways to participate in the formulation,

(General Cinema--01/08/92)

determination, or direction of the basic business decisions of Cadbury Schweppes, in which case the investment exemption does not apply.

The maximum available civil penalty is \$1.68 million. Under the terms of the proposed final judgment settling these charges, General Cinema would pay a civil penalty of \$950,000 within 15 days from the date the judge accepts the settlement. Payment would be made to the U.S. Treasury.

General Cinema, based in Chestnut Hill, Massachusetts, is a major motion picture exhibitor and department store retailer. During the period it was acquiring stock in Cadbury Schweppes, General Cinema was also in the carbonated soft drink industry. Cadbury Schweppes, based in London, England, is an international manufacturer and supplier of confectionery and soft drink concentrate products.

The Department of Justice, at the request of the FTC, filed the final judgment in the U.S. District Court for the District of Columbia on January 7.

The Commission vote to accept the settlement was 3-0, with Commissioners Mary L. Azcuenaga and Roscoe B. Starek, III recused.

Copies of the final judgment are available from the FTC's Public Reference Branch, Room 130, 6th St. and Pennsylvania Ave., N.W., Washington, D.C. 20580; 202-326-2222; TTY 202-326-2502.

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