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AMC / KERASOTES MUST SELL FOUR MOVIE THEATRES TO ENSURE COMPETITIVE PRICING AND SERVICE QUALITY IN CHICAGO SUBURBS

Attorney General Madigan Joins US DOJ in Merger Consent Decree to Benefit Chicago-area Movie Goers

Chicago — Attorney General Lisa Madigan today joined the U.S. Department of Justice in filing a consent decree requiring that AMC Entertainment, Inc. and Kerasotes Showplace Theatres, LLC sell four suburban Chicago movie theatres to competing operators, as part of AMC's acquisition of Kerasotes. The move will allow AMC to proceed with its acquisition of most of the assets of Kerasotes and will preserve for suburban Chicago moviegoers the benefits of competition among the operators of mainstream, first-run commercial movie theatres.

"We are committed to protecting consumers by enforcing the antitrust laws to ensure vigorous competition among movie theatre operators," Madigan said. "The merger as originally proposed could have resulted in higher prices and a reduction in overall theatre quality for moviegoers in north suburban and in southwest suburban Chicago. We have worked with the U.S. Department of Justice to protect consumers in Illinois."

Attorney General Madigan, along with the U.S. DOJ and the Attorneys General of Indiana and Colorado, filed a civil antitrust lawsuit today in the United States District Court for the District of Columbia to block the proposed transaction. At the same time, they filed a proposed consent decree that, if approved by the court, would resolve the competitive concerns and the lawsuit.

AMC, based in Kansas City, Missouri, is presently the second largest theatre chain nationwide by number of screens. Kerasotes, based in Chicago, is the sixth largest. In north suburban Chicago, in and around the communities of Glenview and Skokie, AMC and Kerasotes operate the only mainstream, first-run commercial movie theatres, competing against each other on price and service. After the acquisition, AMC would have no competitors in that particular market. In southwest suburban Chicago, in and around the Naperville area, AMC and Kerasotes each operate one of the two mainstream, first-run commercial theatres. In southwest suburban Chicago, in and around the Bolingbrook area, AMC and Kerasotes each operate one theatre, and there is only one other competitor. In this area, the acquisition would substantially lessen or eliminate competition on price and service.

To preserve competition, the consent decree requires the sale to an acceptable buyer of:

North Suburban Chicago

- AMC's Gardens 13 theatre in Skokie's Old Orchard Shopping Center; and
- Kerasotes' Glen 10 theatre in Glenview's Glen Town Center.

Southwest Suburban Chicago

- AMC's Cantera 30 theatre in Warrenville; and
- Kerasotes' Showplace 12 theatre in Bolingbrook.

In addition, in connection with the 2006 acquisition by AMC of Loews Cineplex Entertainment Company, the merging parties divested two theatres in Chicago to Kerasotes pursuant to a consent decree. Because that consent decree prohibits AMC from reacquiring either of those two theatres, Kerasotes City North 14 and Kerasotes Webster Place 11, today's consent decree requires the sale of those theatres to a third party.

If the merging theatre companies fail in their efforts to sell these six theatres, the court will appoint a trustee, who will be empowered to sell the theatres.

The settlement is subject to the provisions of the federal Tunney Act, which requires that the U.S. DOJ accept public comments during a 60-day period. After that period, the court will review and determine whether to enter the proposed consent decree.

Attorney General Madigan's Antitrust Bureau Chief Robert Pratt is handling this case.

-30-

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