Press Release

Caribbean Cinemas reaches settlement with Department of Justice for acts in restraint of commerce

(January 9, 2015) – Yesterday, after a two years investigation, the Caribbean Cinemas conglomerate reached an agreement with the Antitrust Division of the Department of Justice of Puerto Rico after incurring in alleged violations of the Commonwealth’s Monopolies and Restrictions of Commerce Act.

Assistant Attorney General, Jesus M. Alvarado-Rivera, explained that the investigation revealed that Caribbean Cinemas signed exclusivity clauses with some entities in charge of the commercial facilities in which they operate their movie theaters. Caribbean Cinemas has thirty movie theaters on the Island, with only two additional competitors with small operations.

"By preventing others from exhibiting commercial first-run movies at the facilities where Caribbean Cinemas operate, these exclusive agreements eliminated any possibility that a new competitor could enter the relevant market using the most efficient means that would otherwise be available, and generate a direct competition," said the Assistant Attorney General.

Eleven agreements had been reached by the company, which the Antitrust Division considered detrimental to the relevant market of commercial first-run movie theaters in several areas of Puerto Rico, as they represent a unique and distinct media entertainment product. Indeed, consumers who want to watch commercial first-run movies lack any reasonable substitute to these movie theaters.

"For us, it is clear that the exclusive agreements identified represent unreasonable trade restrictions that helped preserving the monopoly that Caribbean Cinemas holds in the relevant market. However, it’s important to clarify that under the antitrust regulations the mere possession of a monopoly is not illegal; but carrying out acts that restrict competition to acquire or maintain that monopoly is," explained Alvarado-Rivera.

The exclusive agreements found belong to the municipalities of Arecibo, Caguas, Carolina, Cayey, Dorado-Vega Alta, Isabela, San Juan, San German, Santa Isabel and Yauco.
Following the agreement signed yesterday between the Antitrust Division and Caribbean Cinemas, it was established that the company will no longer agree to exclusivity clauses. Also, it will formally terminate exclusivity clauses in writing for certain areas immediately and wait until the end of the leases in other areas to put into effect their termination.

Finally, Caribbean Cinemas made a payment of $90,000 required as part of the agreement. This payment does not represent an admission of liability by the company.

"With this action, future competitors are freed from unreasonable restrictions and will have a clear path to establish their businesses and generate more competition for the benefit of our consumers," concluded the Assistant Attorney General.

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