



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, MAY 14, 1971

The Department of Justice filed a civil antitrust suit today to require Tandy Corporation of Dallas, Texas to divest the electronic products business which it acquired from Allied Radio Corporation of Chicago, Illinois on April 13, 1970.

Attorney General John N. Mitchell said the suit, which alleged that the acquisition was a violation of Section 7 of the Clayton Act, was filed in the United States District Court in Chicago.

The complaint charged that the acquisition may substantially lessen competition in the electronic specialty retail field in which both Tandy and Allied Radio were engaged, by eliminating actual and potential competition between the firms; by eliminating Allied Radio as an independent competitive factor; and by entrenching Tandy as a leading electronic specialty retailer.

The complaint also charged that the acquisition may have the effect of raising barriers to entry and increasing the level of concentration in the electronic specialty retail market, and encouraging similar mergers among other firms engaged in this business.

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According to the complaint, at the time of the acquisition, Tandy's Radio Shack Division and Allied Radio were among the nation's three leading electronic specialty retailers making both over-the-counter and mail order sales of a full line of electronic products which appeal primarily to electronic hobbyists and enthusiasts.

The electronic products in which these firms specialized included a wide range of stereophonic equipment, tape recorders, shortwave and citizens-band transmitters and receivers, and intercommunications systems.

Assistant Attorney General Richard W. McLaren, head of the Antitrust Division, stated that, as of April 1970, Tandy's Radio Shack Division, the nation's largest specialty retailer of electronic products, operated a total of 740 retail outlets in 46 states and that Allied Radio operated a total of 41 electronic specialty retail outlets in 11 midwestern states. In addition, both firms conducted an extensive nationwide electronic products mail order business as an important part of their overall retail operations.

The complaint asked that the acquisition be declared unlawful, and that Tandy be required to divest the Allied Radio assets which it acquired. The complaint also seeks to enjoin Tandy for a period of five years from acquiring any other specialty retailer of electronic products without prior approval of the Department of Justice or the Court.

In fiscal 1969, Tandy's Radio Shack Division had sales of approximately \$67 million. In the year before its acquisition by Tandy, Allied Radio made approximately \$55.8 million worth of over-the-counter and mail order sales of electronic products.