

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA,

*Plaintiff,*

v.

LEARFIELD COMMUNICATIONS, LLC,  
IMG COLLEGE, LLC, and A-L TIER I LLC,

*Defendants.*

**COMPLAINT**

The United States of America brings this civil action to enjoin anticompetitive conduct by IMG College (“IMG”), Learfield Communications, LLC (“Learfield”), and A-L Tier I LLC, and to obtain other equitable relief. The United States alleges as follows:

**I. NATURE OF THE ACTION**

1. Athletic programs of the nation’s universities have limited opportunities to generate revenue, and thus sponsorship revenue from multimedia rights (“MMR”) plays an important role in many of their budgets. Defendants IMG and Learfield, along with several smaller companies, manage MMR for university athletic programs across the country.

2. Agreements by and among Defendants not to compete, however, have restrained competition in the MMR market, harming the universities that rely on these firms for an important revenue source. These agreements constitute contracts, combinations, or conspiracies in restraint of trade or commerce in the United States in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1, and should be enjoined.

## **II. JURISDICTION, VENUE, AND COMMERCE**

3. The United States brings this action under Section 4 of the Sherman Act, 15 U.S.C. § 4, to obtain equitable relief and other relief to prevent and restrain Defendants' violations of Section 1 of the Sherman Act, 15 U.S.C. § 1. This Court has subject matter jurisdiction over this action under Section 4 of the Sherman Act, 15 U.S.C. § 4.

4. This Court has personal jurisdiction over each Defendant. Both IMG and Learfield transact business within the District of Columbia.

5. Defendants are engaged in interstate commerce and in activities substantially affecting interstate commerce. IMG and Learfield manage MMR for universities throughout the United States. They are engaged in a regular, continuous, and substantial flow of interstate commerce, and their MMR management and other services have had a substantial effect on interstate commerce.

6. Venue is proper in this district under Section 12 of the Clayton Act, 15 U.S.C. § 22 and 28 U.S.C. § 1391(c).

## **III. THE DEFENDANTS**

7. Defendant IMG, until its 2018 merger with Learfield, was a division of global entertainment firm WME Entertainment Parent LLC ("WME"). IMG provided a variety of services to universities, including trademark licensing, ticketing, and MMR management. In 2017, IMG's U.S. revenue for MMR management was approximately \$402 million.

8. Defendant Learfield, until its 2018 merger with IMG, was owned by Philadelphia, Pennsylvania-based private equity firm Atairos Group Inc. ("Atairos"), which is substantially owned by Comcast Corporation. Learfield provided a similar set of services to universities as

IMG, including MMR management. In 2017, Learfield's U.S. revenue for MMR management was approximately \$406 million.

9. On December 31, 2018, Defendants announced that they completed a merger under which Learfield and IMG had merged into a new company—A-L Tier I LLC (d/b/a Learfield IMG College)—owned, in part, by WME and Atairos.

#### **IV. INDUSTRY BACKGROUND**

10. Across the country, over a thousand colleges and universities field men's and women's sports teams to compete in intercollegiate athletics. The majority of these athletic programs are small, with only a few sports and funded primarily by student fees. Many, however, include over a dozen men's and women's teams each, requiring extensive facilities, staffing, and funding.

11. Because of their size, major university athletic programs require substantial budgets, with funding drawn primarily from a handful of key sources, including television rights, ticket revenue, donations, and MMR.

12. Multimedia rights consist of advertising and promotional rights associated with school property and athletic activities. Although the package of rights may vary slightly from deal to deal, MMR management firms typically manage the school's print and digital athletic advertising, signage in stadiums and arenas, game and event sponsorships, promotions, and radio shows. While smaller schools may choose to maintain MMR management in-house, nearly all major university athletic programs use an MMR management firm to manage their MMR.

13. MMR management firms serve several important functions. First, they oversee the general commercialization of a university's athletic rights, including identifying advertising and promotional opportunities, working with different constituencies to secure the most

advertising revenue without undermining the interests and values of the university, and performing a variety of back office functions. Second, they assist the university in bringing MMR opportunities to market, such as providing facilities and infrastructure to produce radio shows and funding the construction of new stadium videoboards. Finally, MMR management firms develop and maintain relationships with advertisers.

## **V. COORDINATION IN THE MMR INDUSTRY**

14. Defendants IMG and Learfield have agreed or otherwise coordinated to limit competition between one another and between themselves and smaller competitors.

15. At times, the coordination between IMG and Learfield has taken the form of joint ventures at specific universities. Under the guise of legitimate business arrangements, these joint ventures further Defendants' interests over schools', denying colleges the benefits of competition with little, if anything, in return.

16. In one such episode, IMG and Learfield provided MMR services through a joint venture that had been created years before. When the university's multimedia rights came up for bid, both IMG and Learfield initially prepared to submit independent bids in competition with each other. Before submissions were made to the school, however, executives of IMG and Learfield agreed not to submit competing bids and instead submitted a joint bid. Absent the competing independent offers anticipated from both IMG and Learfield, the school accepted a joint bid that offered less revenue to the school than at least one of Defendants' planned independent bids.

17. With varying degrees of success, Defendants have also attempted to wield the joint venture structure as a way to co-opt smaller competitors. In one example, as part of a joint venture agreement between IMG and a smaller MMR provider, IMG secured a commitment

under which the smaller provider would not bid on any of IMG's schools for over a year. IMG recognized the joint venture's value in removing the smaller provider as a competitor and projected millions in savings from not having to compete. In another example, IMG proposed to another bidder that they each withdraw their bids and submit a joint bid that would be less favorable to the school. In this instance, however, IMG's invitation did not succeed and the other firm ultimately won the bid.

18. Additionally, when IMG and Learfield have unwound established joint ventures at certain universities, the two firms have crafted non-compete agreements that continue to limit competition. As with the joint ventures themselves, these non-competes unreasonably denied schools the benefits of competition. And when one of the two firms wanted to compete, the other quickly moved to suppress the threatening bid, enforcing the agreement. In one example, a then-IMG executive asked Learfield for permission to bid on a Learfield school that was coming up for bid on which Learfield had a non-compete commitment from IMG. Learfield, however, did not consent and the school stayed with Learfield.

19. Even in the absence of a so-called joint venture or non-compete agreement, IMG and Learfield have sought ways to undermine competition. In some cases, an understanding not to compete is employed with an informal policing mechanism. In one such episode, Learfield bid for an IMG school without first receiving permission from IMG. As a result, a then-IMG executive reached out to a Learfield executive requesting that Learfield withdraw its bid. Learfield agreed and withdrew its bid as IMG had requested. The university, without Learfield's offer, signed an agreement with IMG.

20. These efforts to suppress competition also extended to others in the market. For example, Defendants have attempted to craft legal settlements with smaller competitors in ways

that limit competition. In an employee dispute with one such competitor, Learfield secured a settlement that precluded the company from bidding on a certain university. And in another employee dispute, Learfield made a failed attempt to agree not to compete with a competitor for one another's MMR staff.

21. Defendants' agreements and attempted agreements not to compete, and to co-opt smaller competitors, reflect a culture of disregard for the antitrust laws and the competitive process. Accordingly, such conduct should be enjoined.

## **VI. VIOLATIONS ALLEGED**

22. The agreements by Defendants not to compete constitute agreements that unreasonably restrain competition in the market for MMR management in the United States in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1.

23. Among other things, Defendants' conduct has and will continue to:

- (a) harm the competitive process by suppressing or eliminating competition in MMR management;
- (b) reduce the revenue received by universities; and
- (c) cause the quality of MMR management to decrease.

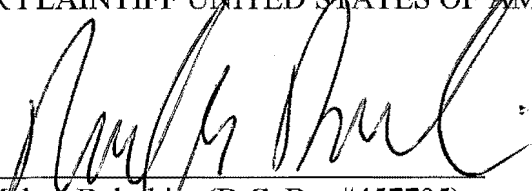
24. These agreements are not reasonably necessary to accomplish any allegedly procompetitive goals. Any procompetitive benefits are outweighed by anticompetitive harm, and there are less restrictive alternatives by which Defendants would be able reasonably to achieve any procompetitive goals.

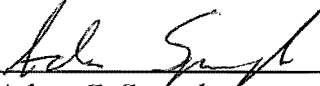
**VII. REQUEST FOR RELIEF**

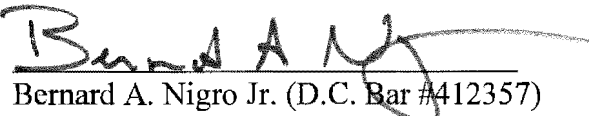
25. The United States requests:
- (a) that the aforesaid agreements not to compete against each other be adjudged to unreasonably restrain trade and to be illegal under Section 1 of the Sherman Act, 15 U.S.C. § 1;
  - (b) that Defendants be permanently enjoined from engaging in, enforcing, carrying out, or attempting to engage in, enforce, carry out, or renew the agreements in which Defendants are alleged to have engaged, or any other agreement having a similar purpose or effect, in violation of Section 1 of the Sherman Act, 15. U.S.C. § 1;
  - (c) that Defendants eliminate and cease enforcing all agreements not to compete and be prohibited from otherwise acting to restrain trade unreasonably;
  - (d) that Defendants be required to institute an antitrust compliance program;
  - (e) that the United States be awarded costs of this action; and
  - (f) that the United States be awarded such other relief as the Court may deem just and proper.

Respectfully submitted,

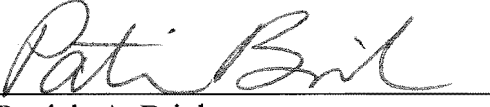
FOR PLAINTIFF UNITED STATES OF AMERICA:

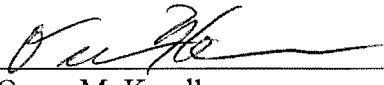
  
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Dated: February 14, 2019