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Department of Trade and Industry

press notice

P/98/1016

14 December 1998

**KIM HOWELLS ACCEPTS UNDERTAKINGS FROM LONDON CLUBS
INTERNATIONAL**

Kim Howells, Competition and Consumer Affairs Minister, today announced that he had accepted undertakings from London Clubs International plc (LCI) which prevent them from acquiring control of Capital Corporation PLC. His decision is in accordance with the advice of the Director General of Fair Trading.

The undertakings follow a proposed bid for Capital Corporation by LCI which was blocked on 5 August 1997 by the then President of the Board of Trade, Margaret Beckett, following an adverse report by the Monopolies and Mergers Commission (MMC). Under the terms of the undertakings, LCI have agreed not to acquire an interest in Capital Corporation, or to acquire any assets.

The undertakings also prevent LCI from attempting to influence the policy of Capital or from co-operating with Capital with respect to any matter unless:

- it relates to the formulation of the policy and guidelines of the British Casino Association;
- it gives effect to decisions, guidelines or recommendations of the Gaming Board, any Government Department or public authority; or
- any such co-operation is common industry practice and does not restrict competition between casinos controlled by LCI and Capital.

A copy of the signed undertakings is attached to this press notice.

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Notes for Editors

1. The MMC report 'London Clubs International plc and Capital Corporation PLC: a report on the merger situation' (Cm 3721) was published on 5 August 1997. Mrs Beckett's decision to prohibit the merger was announced in DTI press notice P/97/532 of the same date.
2. Under section 93A of the Fair Trading Act, undertakings given following an MMC report are enforceable through the Courts. Under section 88 of the Act they must be published.

Press Enquiries: 0171-215 5971/2/4/5966

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ENDS

**MONOPOLIES AND MERGERS COMMISSION REPORT ON PROPOSED
MERGER BETWEEN LONDON CLUBS INTERNATIONAL plc AND CAPITAL
CORPORATION PLC**

**UNDERTAKINGS GIVEN BY LONDON CLUBS INTERNATIONAL plc TO THE
SECRETARY OF STATE FOR TRADE AND INDUSTRY**

The following undertakings are given under section 88(2) of the Fair Trading Act 1973 ("the Act") by London Clubs International plc ("the Company") to the Secretary of State for Trade and Industry ("the Secretary of State") following a report of the Monopolies and Mergers Commission entitled "London Clubs International plc and Capital Corporation PLC - A report on the merger situation" (Cm 3721, August 1997) ("the Report") to take action requisite for the purpose of remedying or preventing the adverse effects specified in the Report.

Continued separation (Proposed Merger)

1. Except with the prior written consent of the Secretary of State the Company:
 - (a) shall not, directly or indirectly;
 - (i) hold or acquire an Interest in the Business or any part thereof;
 - (ii) hold or acquire an Interest in any company or other undertaking carrying on or having Control of the Business or any part thereof; or
 - (iii) hold or acquire other than in the ordinary course of business any assets of the Business or other part thereof;
 - (b) shall procure as far as such matters are within its control that none of its employees or directors holds any directorship or managerial position in any company or other undertaking carrying on or having Control of the Business or any part thereof; and shall not nominate any person to any such directorship or managerial position;
 - (c) shall not participate in the formulation or making of, or influence or attempt to influence, the policy concerning the Business of any person carrying on or having Control of the Business or any part thereof;
 - (d) shall not co-operate or attempt to co-operate with Capital Corporation PLC or any person carrying on or having Control of the Business or any part thereof with respect to any matter;

Provided that nothing in this sub-paragraph (d) shall prevent the Company or any of its Subsidiaries from either entering into or carrying out any arm's length agreement with any person carrying on or having Control of the Business made in the ordinary course of business or where such person is also a shareholder in the Company and the agreement is concerned with matters other than the Business; and

Provided that nothing in subparagraphs (c) or (d) shall prevent the Company or any of its subsidiaries from:

- (i) in the normal course of business, participating in the formulation of the policy and guidelines adopted by the British Casino Association, or co-operating with the Business or any person having Control of the Business in implementing such policies and guidelines, or giving effect to decisions, guidelines or recommendations of the Gaming Board or of any Government Department or other public authority; or
 - (ii) engaging in the normal course of business as casino operators in any co-operative activity where such co-operation is common industry practice and does not have the object or effect of restricting competition between the casinos controlled by the Company and the Business.
- (e) shall not enter into or carry out any Agreement with any person, if the entry into or carrying out of the Agreement is intended to, or may, result in any Associated Person of the Company, directly or indirectly, doing any of the things prohibited by sub-paragraphs (a) to (d) above.

Information

2. The Company shall provide promptly to the Director such information as he may require for the purpose of ascertaining that the above undertakings are being or have been complied with.

Subsidiaries

3. The Company shall procure that its Subsidiaries comply with these undertakings as if they had given them.

Interpretation

4. In these undertakings:

“Agreement” is to be construed in accordance with section 137 (2) of the Act;

“Associated Person” is to be construed in accordance with section 77 (4) of the Act;

“Business” means any casino operation and management, casino gaming or gambling business carried on by Capital Corporation PLC or any of its Controlled Entities;

“Control” is to be construed in accordance with section 65 of the Act, and in the case of a body corporate, a person shall be deemed to control it if he has an Interest in that body corporate amounting to 10% or more of its issued share capital or carrying an entitlement to vote at meetings of that body corporate of 10% or more of the total number of votes which may be cast at such meetings;

“Controlled Entity” means any company or other undertaking of which a company has Control;

“the Director” means the Director General of Fair Trading;

“an Interest” means any interest, including shares, an interest in shares and any other interest carrying an entitlement to vote at shareholders’ meetings; and for this purpose, an “interest in shares “ includes an entitlement by a person other than the registered holder, to exercise any right conferred by the holding of those shares or an entitlement to control the exercise of any such right;

“Subsidiary” has the same meaning as in section 736 of the Companies Act 1985 (as amended).

LONDON CLUBS INTERNATIONAL plc
acting by:

.....Signature

R. i. TALBOTName

COMPANY SECRETARYTitle
(DIRECTOR COMPANY SECRETARY)

.....Signature

A. GOOSENOUGHName

DIRECTORTitle
(DIRECTOR)

14 DECEMBER 1998Date