

AN URGENT APPEAL TO THE DEPARTMENT OF JUSTICE:

DOJ and State Prosecutors throughout the country should begin immediate investigations to determine if the products and practices of Movie Gallery Video Stores violate Federal and State laws regarding distribution of obscene material.



Millions of American families are speaking with one voice to keep Movie Gallery's hard-core porn out of our towns. Is DOJ listening?

Movie Gallery is one of America's largest retailers of hard-core sex videos! Their attempt to acquire family friendly neighborhood Hollywood Video stores across the U.S. poses a serious threat to our communities!

WHAT JUSTICE SHOULD KNOW

Hollywood Video is the nation's number three home video chain with some 1900 family video stores throughout the country. Movie Gallery is the number two chain, *and one of the largest retailers of hard-core pornography in the U.S.* Their 2200+ stores are located in smaller rural and secondary markets, but their approximately \$850 million bid to buy Hollywood's operation will put them right where they want to be...in front of most every American family, with a chance to expand distribution of hard-core pornographic material.

Movie Gallery's offer is on the table.² Hollywood Video's Board could soon vote to accept it. But here's the bad news: *Movie Gallery isn't just bringing family flicks to America's hometowns.*

In hundreds of their stores, Movie Gallery features back rooms stocked with racks of hard-core pornography featuring titles that can't be printed in this space.

Explicit R-rated and NC-17 videos also line their shelves, mixed in with the general releases outside the hard-core rooms. It's not at all uncommon to find these videos *in full view of children.*

Law enforcement officers will also tell you that those who sexually abuse children use pornography to stimulate themselves, and desensitize and instruct their victims.³ In fact, a 1991 study by the Los Angeles Police Department showed that pornography was used in two-thirds of child molestation cases over a 10-year period!

WHAT MOVIE GALLERY KNOWS

As a former attorney, Joe Malugen, Movie Gallery's co-founder and CEO, must understand that some of the sexual material they rent and sell, if exposed to the light of legal scrutiny, could be found illegal. After all, he has received

letters as recently as November, 2004 from law enforcement officials threatening prosecution for possible violations of obscenity laws.

Malugen has consistently put profit over principle in order to expand the reach of his company's hard-core pornography distribution. Movie Gallery's 2003 Annual Report gives a glimpse into the economics of why. Home video sales and rentals provide a whopping 60% of movie studio revenue⁵ – studios whose films first run in theater chains across America. But sex video producers don't have the same network of theaters and must lean more heavily on a distribution channel like Malugen and Movie Gallery willingly provide.

With thousands of adult movies produced each year,⁶ they have to go somewhere. That means, if Hollywood Video's Board votes yes to this merger offer, it could immediately make their 1900 neighborhood outlets available to the pornography industry!

WHAT'S AT ISSUE

The issue here is *law enforcement*. Justice knows that **all distribution of obscenity is illegal.** Period.

State and Federal governments have long recognized a societal interest in protecting citizens from the harms of hard-core pornography and obscenity. More than forty States have laws that prohibit the distribution of obscenity, and under Federal law it's illegal to transport obscene material across state lines.

And there's the rub. The laws are on the books. **But the laws are NOT being enforced!**

Movie Gallery's Joe Malugen and his Board – Harrison Parrish, John Jump, James Lockwood, and William Snow – need to be held accountable if they are selling hard-core prosecutable pornography that violates obscenity laws.

Justice knows this is not about "free speech." Obscenity

is NOT protected under the First Amendment, despite years of attempts by pornographers to lower the bar.

It is about the message DOJ has sent to State and Federal prosecutors for the past decade that investigation and prosecution of companies that peddle hard-core illegal obscenity are NOT a priority. It's time to change that.

WHAT MUST BE DONE

In a culture dealing with the ever-increasing social fallout of sexual addiction and sexual abuse against women and children, the last thing we need is major corporations taking profits out of our communities without taking responsibility for the cultural pollution they dump in.

American families can't trust Movie Gallery to stay out of the business of pornography. Justice shouldn't either. And the Hollywood Video Board of Directors must understand that **we'll abandon Hollywood Video stores if they abandon us to pornographers.**

Millions of American families are speaking with one voice on this. DOJ, *are you listening?* It's time DOJ did the work American taxpayers expect in order to protect our families and communities.

STOP THIS MERGER! INVESTIGATE MOVIE GALLERY NOW.

1. The US Attorney General's office (202-353-1555) should begin immediate investigation into the possible distribution of illegal obscene material, and publicly commit to make **obscenity prosecutions** a high priority.

2. The Federal Trade Commission (202-326-2222) should investigate the pending merger of Hollywood Video and Movie Gallery, a possible distributor of prosecutable pornography, to determine if the merger will be in the public's best interest.

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 **SPEAKING OUT AGAINST PORNOGRAPHY**
THE CAMPAIGN FOR CORPORATE RESPONSIBILITY

Citizens for Community Values American Family Association Concerned Women For America Morality in Media Parents Television Council
American Decency Association National Coalition for the Protection of Children & Families

1. Based on the number of retail outlets offering hard-core pornography. "Somewhere in America: The Truth About Movie Gallery and Hard-Core Pornography," American Family Association, www.afa.net. 2. According to an article by Richard Morgan, posted January 28, 2005 to *The Deal.com*, Movie Gallery obtained a definitive merger agreement on January 10, 2005. 3. "The Link Between Pornography and Violent Sexual Crimes," Robert Peters, March 24, 2004, pp. 9, 16, 23; "Just Harmless Fun?," Enough Is Enough, p. 10, 13. 4. "Management's Discussion and Analysis," *Movie Gallery, Inc. 2003 Annual Report*, p.8. 6. "Overdosing on Porn," Rebecca Hagelin, *www.worldandme.com*, March, 2004