



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, AUGUST 30, 1984

AT
202-633-2016

The Department of Justice, at the request of the Federal Trade Commission, today filed a civil suit charging the Coastal Corporation -- an oil and gas company with headquarters in Houston, Texas -- with violating the premerger notification provisions of the Hart-Scott-Rodino Act. The Department also filed a proposed consent decree that, if approved by the Court, would terminate the lawsuit. The proposed final judgment would require the defendant to pay a civil penalty of \$230,000.

Attorney General William French Smith said the complaint and proposed decree were filed in U.S. District Court in the District of Columbia.

J. Paul McGrath, Assistant Attorney General in charge of the Antitrust Division, said the Hart-Scott-Rodino Act of 1976 -- a statute that amends the Clayton Act -- imposes notification and waiting period requirements on companies over a certain size that are contemplating acquisitions or mergers involving either stock or assets. Those requirements are intended to improve antitrust enforcement by assuring that the government receives prior notification and information concerning significant mergers and similar transactions. The act provides that any person or company that fails to comply with its requirements shall be liable for a maximum civil penalty of \$10,000 for each day the person or company remains in violation.

(MORE)

McGrath said the complaint charges that Coastal's purchase of 75,500 shares of Houston Natural Gas Corporation on January 19, 1984, was subject to the notification and waiting period requirements of the Hart-Scott-Rodino Act, and that Coastal did not comply with those requirements before it made its purchase. Eight days later, on January 27, 1984, Coastal made a public announcement of a tender offer to acquire additional shares of Houston Natural Gas stock and, in accordance with the requirements of the Hart-Scott-Rodino Act and regulations, filed a notification and report form. The waiting period relating to that tender offer expired at 11:59 p.m., February 11, 1984. The complaint alleges that Coastal was in violation of the act at least through February 11, 1984.

The complaint further states that Coastal has divested the 75,500 shares it acquired on January 19. Coastal was required to divest those shares by an agreement it entered into with the Bureau of Competition of the Federal Trade Commission on February 10, 1984, which is attached to the complaint.

Coastal, a corporation engaged in oil and gas exploration, production and refining and coal mining, registered sales of \$5.8 billion and assets of \$3.2 billion for 1982.

Houston Natural Gas is involved in the transmission and sale of natural gas, oil and gas exploration and production, and the production and sale of coal. Houston had sales of \$3.2 billion and assets of \$2.7 billion in 1982.

(MORE)

The \$230,000 civil penalty required by the proposed decree represents the statutory maximum of \$10,000 a day for each day that Coastal was alleged in the complaint to be in violation of the Hart-Scott-Rodino Act.

In accordance with the procedures of the Antitrust Procedures and Penalties Act of 1974, a competitive impact statement regarding the proposed decree has been filed with the court. Copies of this statement and of the proposed decree are available on request in the Legal Procedure Unit, Room 7416, Department of Justice, Washington, D.C. 20530. They are also available for inspection in the Office of the Clerk of the United States District Court for the District of Columbia.

Comments to the Department and to the court regarding the decree are invited from members of the public within the 60-day time period provided in the Antitrust Procedures and Penalties Act of 1974. They should be directed to Mark Leddy, Deputy Director of Operations, Antitrust Division, United States Department of Justice, Washington, D.C. 20530.

#