



Department of Justice

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**DOJ FILES SUIT CHARGING COMPANY
WITH VIOLATING PREMERGER NOTIFICATION REQUIREMENTS**

WASHINGTON--The Department of Justice today filed a civil suit seeking a penalty of \$550,000 from Reliance Group Holdings Inc. of New York City for violating the premerger notification provisions of the Hart-Scott-Rodino Act. At the same time, the Department filed a proposed consent decree to settle the suit.

The complaint was filed at the request of the Federal Trade Commission in U.S. District Court in Washington, D.C. The court must approve the proposed settlement.

"The Antitrust Division and the Federal Trade Commission share a strong commitment to ensure that merging companies comply with the Hart-Scott-Rodino notification requirements," said James F. Rill, Assistant Attorney General of the Antitrust Division. "And we will continue to bring civil penalty actions for violations of the act."

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 mergers or acquisitions of stock or assets. Those requirements are intended to improve antitrust enforcement by ensuring that the

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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 will be liable for a civil penalty of up to \$10,000 for each day of the violation period.

Reliance Group Holdings owns Reliance Insurance Company and wholly or partially owns a number of companies engaged in various insurance, real estate and other business activities. Its chairman and chief executive officer is Saul P. Steinberg.

The complaint states that Reliance Group began to acquire shares of common stock of Spectra-Physics Inc., a San Jose, California, manufacturer of laser scanning and other laser equipment, on November 22, 1985. On August 27, 1986, Reliance Group increased its aggregate holdings in Spectra-Physics to more than \$15 million.

According to the complaint, the Hart-Scott-Rodino Act required notification and a waiting period prior to the acquisition of more than \$15 million of Spectra-Physics stock. It said Reliance Group failed to comply with those requirements.

The complaint alleges that Reliance Group was in violation of the act from August 27, 1986, through at least February 15, 1987, some 30 days before the waiting period would have expired. The complaint further alleges that the acquisition of Spectra-Physics stock was not made solely for the purpose of investment,

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and therefore did not qualify for the exemption that the act provides for such acquisitions. The complaint does not allege that the acquisition of Spectra-Physics stock by Reliance Group lessened competition in violation of Section 7 of the Clayton Act.

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