

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

UNITED STATES OF AMERICA,
c/o Department of Justice
Antitrust Division
Washington, D.C. 20530

Plaintiff,

v.

RELIANCE GROUP HOLDINGS, INC.,
Park Avenue Plaza
New York, NY 10055

Defendant.

PENN, J. JGF
90 2698

Civil Action No. 90 2698

Filed: October 31, 1990

COMPLAINT FOR CIVIL PENALTIES FOR VIOLATION OF PREMERGER
REPORTING REQUIREMENTS OF HART-SCOTT-RODINO ACT

The United States of America, plaintiff, by its attorneys,
acting under the direction of the Attorney General of the United
States and at the request of the Federal Trade Commission,
brings this civil action to obtain monetary relief in the form
of a civil penalty against the defendant named herein, and
alleges as follows:

I.

JURISDICTION AND VENUE

1. This complaint is filed and these proceedings are
instituted under Section 7A of the Clayton Act, 15 U.S.C. §18a,
commonly known as the Hart-Scott-Rodino Antitrust Improvements
Act of 1976 ("Hart-Scott-Rodino Act"), to recover a civil
penalty for a violation of the Hart-Scott-Rodino Act.

2. This Court has jurisdiction over defendant and over the subject matter of this action pursuant to 15 U.S.C. §18a(g) and 28 U.S.C. §§1331, 1337, 1345 and 1355.

3. Venue in this District is proper by virtue of defendant's consent, in the Stipulation relating hereto, to the maintenance of this action and the entry of Final Judgment in this District. Venue is also proper under 28 U.S.C. 1395(a).

II.

THE DEFENDANT

4. Reliance Group Holdings, Inc. ("Reliance") is made the defendant herein. Reliance is a Delaware corporation with its principal place of business at Park Avenue Plaza, New York, New York 10055. Reliance is a diversified international enterprise with major operations in insurance, real estate development and consulting and technical services.

III.

SPECTRA-PHYSICS, INC.

5. Spectra-Physics, Inc. ("Spectra-Physics") is a Delaware corporation with its principal office at 333 North First Street, San Jose, California 95134.

IV.

VIOLATION ALLEGED

6. The Hart-Scott-Rodino Act, 15 U.S.C. §18a, prohibits certain acquisitions of voting securities or assets until a notification has been filed with the Department of Justice and the Federal Trade Commission and a waiting period has expired.

7. Spectra-Physics and the defendant at all times pertinent to this proceeding have been engaged in commerce, or in activities affecting commerce, within the meaning of Section 1 of the Clayton Act, 15 U.S.C. §12.

8. Spectra-Physics and defendant at all times pertinent to this proceeding had assets above the thresholds established by Section (a) of the Hart-Scott-Rodino Act, 15 U.S.C. §18a(a). Spectra-Physics had total assets in excess of \$10 million, and Reliance had total assets in excess of \$100 million.

9. During the period from November 22, 1985 to August 1, 1986, Reliance acquired voting securities of Spectra-Physics.

10. On August 27, 1986, Reliance acquired approximately 50,000 shares of Spectra-Physics common stock. As a result of that acquisition, Reliance held an aggregate total amount of voting securities of Spectra-Physics in excess of \$15 million.

11. Reliance continued to acquire additional voting securities of Spectra-Physics during the period from August 27, 1986 through December 31, 1986.

12. The transaction described in paragraph 10, and the transactions described in paragraph 11 were subject to the notification and waiting period requirements of the Hart-Scott-Rodino Act and the regulations promulgated thereunder, 16 C.F.R. §800 et seq. The Hart-Scott-Rodino Act and regulations required defendant to file the notification and to observe a waiting period before acquiring an aggregate total amount of voting securities of Spectra-Physics in excess of \$15 million.

13. Defendant did not comply with the reporting and waiting period requirements of the Hart-Scott-Rodino Act before making the acquisitions described in paragraphs 10 and 11 above.

14. On January 15, 1987, Reliance submitted a notification and report form under the Hart-Scott-Rodino Act, stating an intention to acquire at least 15 percent, but not more than 25 percent, of the voting securities of Spectra-Physics.

15. On February 13, 1987, prior to the expiration of the Hart-Scott-Rodino Act waiting period, Reliance withdrew its notification and report form.

16. On July 1, 1987, Reliance sold all its interest in Spectra-Physics stock.

17. Section (c) of the Hart-Scott-Rodino Act, 15 U.S.C. §18a(c), and implementing Rule 802.64, 16 C.F.R. §802.64, exempt certain classes of acquisitions from the reporting and waiting period requirements of the Act. One class of exempted acquisitions consists of acquisitions of voting securities made solely for the purpose of investment, if (among other requirements) the securities acquired or held do not exceed 15 percent of the outstanding securities of the issuer and the acquiring entity is an institutional investor.

18. The acquisitions described in paragraphs 10 and 11, above, were not made solely for the purpose of investment within the meaning of the Hart-Scott-Rodino Act, and therefore did not qualify for the exemption from the reporting and waiting period requirements provided by Section (c) of the Act, 15 U.S.C. §18a(c), and by the rules promulgated thereunder, 16 C.F.R. §800 et seq.

19. Defendant was continuously in violation of the Hart-Scott-Rodino Act during the period from August 27, 1986, to at least February 15, 1987.

20. Section (g)(1) of the Hart-Scott-Rodino Act, 15 U.S.C. §18a(g)(1), provides that any person who fails to comply with the Act shall be liable to the United States for a civil penalty of not more than \$10,000 for each day during which such person is in violation of the Act.

PRAYER

WHEREFORE, plaintiff prays:

1. That the Court adjudge and decree that defendant's purchases of Spectra-Physics stock during the period from August 27, 1986, through December 31, 1986, were in violation of the Hart-Scott-Rodino Act, 15 U.S.C. §18a, and that defendant was in violation of that Act each day of the period from August 27, 1986 to at least February 15, 1987;

2. That defendant be ordered to pay to the United States an appropriate civil penalty as provided by Section (g)(1) of the Hart-Scott-Rodino Act, 15 U.S.C. § 18a(g)(1);

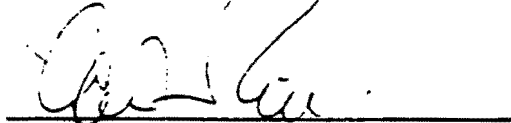
3. That the plaintiff have such other and further relief as the Court may deem just and proper; and

4. That the Court award plaintiff its costs of this suit.

Dated: OCT 31 1990

FOR PLAINTIFF

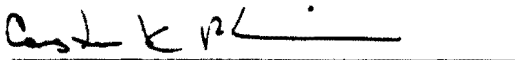
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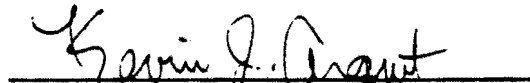


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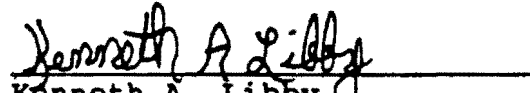
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