FOR IMMEDIATE RELEASE: August 30, 1984

COASTAL CORP. AGREES TO PAY $230,000, SETTLING FIRST HART-SCOTT-RODINO CIVIL PENALTIES CASE, UNDER FTC-NEGOTIATED CONSENT JUDGMENT

The Coastal Corp., a Texas oil and gas company, has agreed to pay $230,000 in civil penalties to settle Federal Trade Commission charges it did not comply with the reporting and waiting period requirements of the Hart-Scott-Rodino (HSR) Act before it acquired Houston National Gas Corp. (HNG) stock, under a consent judgment the FTC announced today.

This is the first time civil penalties have been obtained for an alleged violation of the HSR Act

In addition to paying the civil penalties, Coastal agreed to divest the HNG shares it purchased allegedly in violation of the HSR Act. The agreement with the FTC's Bureau of Competition, contained in a letter filed with the complaint, required the divestiture, which Coastal has already made.

Under the HSR Act, companies contemplating large mergers or acquisitions must notify the FTC and the Department of Justice in advance. The Act sets out specific notification and waiting period requirements, to allow the two agencies time to review the proposed transaction before it is consummated to determine whether it may violate federal antitrust laws.

According to a complaint filed with the settlement, Coastal, which already owned more than $15 million worth of HNG voting securities, purchased 75,500 shares of HNG common stock on Jan. 19. The complaint charged Coastal had not complied with the HSR Act requirement that it file a premerger report with the Commission before making the Acquisition.

Coastal did not file the required report until Jan. 27, the same day the company publicly announced a tender offer to acquire control of HNG.

Coastal claimed its Jan. 19 stock purchases were exempt from HSR Act requirements because of the Act's exemption for stock purchased "solely for the purpose of investment." However, in its agreement, the FTC's Bureau of Competition said its investigation "indicates that at the time of Coastal's January 19th purchases, Coastal's intent included the possibility of acquiring control of HNG." Therefore, according to the Bureau, the purchases were not within the exemption.

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The Commission charged Coastal violated the HSR Act for at least 23 days, from Jan. 19, the day it acquired the 75,500 shares, to Feb. II, the day it could legally have acquired them after the HSR waiting period expired. The HSR Act authorizes civil penalties of up to $10,000 for each day a violation continues.

Coastal is based in Houston.

The Justice Department filed the consent judgment in the U.S. District Court for the District of Columbia at the FTC's request. The Justice Department must file all HSR Act civil penalty cases.

Under the Antitrust Procedures and Penalties Act of 1974, the proposed consent will be subject to public comment for 60 days. Comments should be addressed to Mark Leddy, Deputy Director of Operations, Antitrust Division, U.S. Department of Justice, Washington, D.C. 20530.

This consent judgment is for settlement purposes only and does not constitute an admission by the company that it violated the law.

Copies of the consent judgment and complaint are available from the FTC's Public Reference Branch, Room 130, 6th St. and Pennsylvania Ave. N.W., Washington, D.C. 20580; 202-523-3598; TTY 202-523-3638.

News media copies are available from the Office of Public Affairs, Room 496, same address; 202-523-1892.

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