

FTC news

Federal Trade Commission *Washington, D.C. 20580*

FOR IMMEDIATE RELEASE: April 1, 1988

FIRST CITY FINANCIAL AGREES TO SETTLE GOVERNMENT CHARGES IT VIOLATED PREMERGER NOTIFICATION REQUIREMENTS

The federal government charged in federal court today that First City Financial Corp. Ltd. failed to comply with premerger notification requirements when it acquired stock through the investment banking firm of Bear Stearns & Co. The company agreed to settle the charges by paying a \$400,000 civil penalty.

The Federal Trade Commission had asked the Department of Justice to file the complaint. The complaint and settlement were filed today in the U.S. District Court for the District of Columbia, and also named Roxboro Investments (1976) Ltd.

This is the second case the government has brought concerning the use of an investment banking firm in a stock acquisition to avoid filing under the Hart-Scott-Rodino Act. In December 1986, Jeffrey Zuckerman, director of the FTC's Bureau of Competition, announced that the Commission staff was investigating several instances in which a client had arranged for an investment banking firm to purchase voting securities of a company on the client's behalf, but had failed to report the transactions in a timely manner as required by the HSR Act.

The complaint charges that First City acquired stock in Ashland Oil Inc. in 1986 through Bear Stearns in an amount well beyond the dollar threshold at which it should have filed premerger notifications with the FTC and DOJ. First City eventually made the appropriate filings but not within the time frame established by the HSR Act.

First City Financial and Roxboro are based in Vancouver, British Columbia, Canada.

The Commission vote to recommend that the Department of Justice file the complaint and judgment was 4-1. In dissent, Commissioner Andrew J. Strenio, Jr., said that "although there is reason to believe that a violation occurred, the omission of any provision for injunctive relief is a fatal flaw."

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

Copies of the complaint and judgment will be available soon from the FTC's Public Reference Branch, Room 130, 6th St. and Pennsylvania Ave. N.W., Washington, D.C. 20580; 202-326-2222; TTY 202-326-2502.

#

MEDIA CONTACT: Susan Ticknor, Office of Public Affairs,
202-326-2181

STAFF CONTACT: Jeffrey I. Zuckerman, Bureau of Competition,
202-326-2556

(FTC File No. 861 0148)
(FirstCity)

(Civil Action No. 88-0895)