

FTC news

Federal Trade Commission Washington, D.C. 20580

FOR IMMEDIATE RELEASE: April 5, 1988

DONALD TRUMP AGREES TO SETTLE GOVERNMENT CHARGES HE VIOLATED PREMERGER NOTIFICATION REQUIREMENTS

The federal government charged in federal court today that Donald J. Trump failed to comply with premerger notification requirements when he acquired stock through the investment banking firm of Bear Stearns & Co. Trump agreed to settle the charges by paying a \$750,000 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.

This is the third 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. At the FTC's request, the Justice Department has already filed similar complaints against Wickes Companies Inc. and First City Financial Corp. Ltd.

The complaint charges that, in two separate transactions, Trump acquired stock in Holiday Corp. and Bally Manufacturing Corp. through Bear Stearns in an amount well beyond the dollar threshold at which he should have filed premerger notifications with the FTC and DOJ. Trump eventually made the appropriate filings but not within the time frame established by the HSR Act.

Trump's business operations are based in New York City.

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 violations occurred here, 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 Trump that he violated the law.

Copies of the complaint and judgment are available 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.

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