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September 30, 1976

Office of the White House Press Secretary

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THE WHITE HOUSE

## FACT SHEET

HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976 (H.R. 8532)

President Ford signed the Hart-Scott-Rodino Antitrust Improvements Act of 1976 today. He noted that this legislation will contribute to the Administration's overall competition policy of vigorous anti-trust enforcement and regulatory reform.

## This Act:

- Broadens powers of the Department of Justice in conducting antitrust investigations.
- Requires advance notice to the Justice Department and the Federal Trade Commission of major corporate mergers and acquisitions.
- Authorizes state attorneys general to file suits to recover damages to citizens of the states resulting from certain antitrust violations.

MAJOR PROVISIONSTitle I. Antitrust Civil Process Act Amendments

This title adopts Administration-sponsored legislation to amend the Antitrust Civil Process Act of 1962. It authorizes the Department of Justice to issue a pre-complaint subpoena-- called a Civil Investigative Demand ("CID") -- not only on targets of the investigation, as permitted under current law, but also to third parties (e.g., suppliers and customers) who have information relevant to an investigation. The bill would also allow the Department to obtain, not only documentary evidence as under current law, but also answers to oral and written questions from recipients of such a CID. These amendments also provide safeguards, including right to counsel by the recipient of the CID, to assure that these powers are not abused.

Title II. Premerger Notification

H.R. 8532 requires companies with assets or sales in excess of \$100 million to notify the Department of Justice and the Federal Trade Commission in advance of the acquisition of, or merger with, any company with assets or sales in excess of \$10 million. This will allow the antitrust enforcement agencies sufficient time to investigate the competitive consequences of major mergers and acquisitions and, if necessary, to obtain injunctive relief before steps have been taken toward consolidation of the operations.

(more)

Title III. Parens Patriae

H.R. 8532 would authorize state attorneys general to bring suits in Federal district court on behalf of state residents for violations of the antitrust provisions of the Sherman Act.

Mandatory treble damages would be awarded in successful suits and would either be distributed to individuals in a manner approved by the court or deposited with the state as general revenues. In price-fixing cases, damages could be proved in the aggregate by using statistical sampling or other measures without the necessity of proving damages to each individual on whose behalf the suit was brought.

The bill prohibits state attorneys general from hiring outside lawyers on a contingency fee based on a percentage of the award. However, it would allow private attorneys to bring suit on behalf of the state and their fees would be determined by the court.

SUMMARY

In his signing statement, the President noted that the first two titles of the bill--the Antitrust Civil Process Act amendments and premerger notification--were desirable. In addition, the President reiterated his concerns with the potential for abuse of the parens patriae title and said that its implementation would be carefully reviewed to assure that it was responsibly enforced.

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