been filed with the United States District Court for the Southern District of New York in United States v. Steinhardt Management Company, Inc.; and Caxton Corporation, Civil Action No. 94–9044 (RPP).

The Complaint in this case alleges that the defendants conspired to restrain competition in markets for specified United States Treasury securities by agreeing to coordinate their actions in trading the specified Treasury securities, in violation of Section 1 of the Sherman Act, 15 U.S.C. 1.

The proposed Final Judgment enjoins the defendants from agreeing with each other or with any other person (A) to restrain trade in the cash and/or financing markets for Treasury securities in violation of the antitrust laws of the United States; (B) to purchase, sell, or refrain from purchasing or selling any Treasury security issue to or through a particular person; or (C) to withhold all or part of a defendant's or another person's position in a Treasury security issue from the cash or financing markets. Certain of these prohibitions are subject to limitations or exceptions which are discussed more fully in the accompanying Competitive Impact Statement. Each defendant is also required to appoint an antitrust compliance officer and establish an antitrust compliance program with specified requirements.

Public comment is invited within the statutory 60-day comment period. Such comments, and responses thereto, will be published in the **Federal Register** and filed with the Court. Comments should be directed to John F. Greaney, Chief, Computers & Finance Section, Antitrust Division, Department of Justice, Suite 9901, 555 4th Street NW., Washington, D.C. 2001, (telephone: 202/307–6200).

Constance K. Robinson,

Director of Operations Antitrust Division.

United States District Court Southern District of New York, United States of America, Plaintiff, v Steinhardt Management Company, Inc.; and Caxton Corporation, Defendants, and \$12,500,000 that is the Property of Steinhardt Management Company, Inc.; Steinhardt Management, Company, Inc., Real Party in Interest and \$12,500,000 that is the property of Caxton Corporation, Caxton Corporation, Real Party in Interest.

Complaint

The United States of America, plaintiff, by its attorneys, acting under the direction of the Attorney General of the United States, brings this civil action to obtain equitable and other relief against the defendant entities and to obtain forfeiture of the defendant property and complains and alleges:

I. Jurisdiction and Venue

1. This action is brought under Sections 4 and 6 of the Sherman Act, 15 U.S.C. §§ 4, 6, as amended, to restrain violation of Section 1 of the Sherman Act, 15 U.S.C. § 1, as amended, and to obtain forfeiture of property owned pursuant to a contract, combination or conspiracy in violation of Section 1 of the Sherman Act. The Court has jurisdiction over this matter pursuant to Section 4 of the Sherman Act and 28 U.S.C. §§ 1345, 1355.

2. Venue is proper in this district under Section 12 of the Clayton Act, 15 U.S.C. § 22, as amended, and under 28 U.S.C. § 1391(c) because the defendant entities transact business and are found in the Southern District of New York.

3. This is an *in rem* proceeding against the defendant property. That property is in the defendant entities' bank accounts in the Southern District of New York.

II. Description of the Conspiracy

4. This action arises from an unlawful combination and conspiracy among the defendant entities, Steinhardt Management Company ("SMC") and Caxton Corporation ("Caxton"), and other persons, to restrain interstate trade and foreign commerce in the 7.00% United States Treasury notes auctioned on April 24, 1991 ("April notes") by withholding the notes from the markets for such securities in order to profit from the artificial shortage, or "squeeze," resulting from the withholding of supply.

5. Beginning in mid-April 1991, Caxton and SMC each bought large, leveraged long positions in the April notes. As of mid-May 1991, their combined position in the issue was almost \$20 billion. This combined position represented about 160% of the approximately \$12 billion of April notes issued by the United States Treasury. Between early May 1991 and mid-September 1991, SMC and Caxton, in combination, owned ("held") from \$12 billion to \$19 billion April notes.

6. The purchases of April notes by Caxton and SMC had the effect of concentrating ownershp of the issue and, simultaneously, creating a substantial "short" position on it. Once created, this short position could be utilized only if the defendant entities reduced the size of their positions in the April notes.

7. Caxton and SMC effectively controlled the supply of April notes available to both the "cash market" (where purchases and sales occur) and the "financing market" (where persons with leveraged long positions, such as the defendant entities, borrow money in order to buy or to continue to hold an issue. Short sellers in both markets were required, in effect, to buy or borrow April notes from Caxton or SMC.

8. After accumulating their position in the April notes, the defendant entities and their coconspirators acted to restrict the supply of April notes to short sellers. The consequences of this action was to cause short sellers to bid up prices for April notes in the cash and financing markets. From the latter part of May 1991 through mid-September 1991, Caxton and SMC and their coconspirators withheld significant quantities of April notes from the cash and financing markets. Due to this constriction in supply, the price of April notes in the cash market was increased; likewise, interest rates charged to finance a position in the April notes were depressed.

9. As a result of the actions taken by the defendant entities and their coconspirators, they and their coconspirators earned substantial profits from the low financing rates and high cash prices of the April notes caused by their actions.

III. Defendants

10. SMC is a New York corporation with its principal place of business in New York, New York. SMC manages several investment funds. As manager of those funds, SMC purchased and financed April notes. SMC is the real party in interest related to the \$12,500,000.00 of defendant property it owns and controls.

11. Caxton is a Delaware corporation, with its principal place of business in New York, New York. Caxton manages several investment funds. As manager of those funds, Caxton purchased and financed April notes. Caxton is the real party in interest related to the \$12,500,000.00 of defendant property it owns and controls.

12. The investment funds SMC and Caxton manage compete with numerous investors and traders in the sale, purchase, financing, and lending of specific issues of United States Treasury securities.

13. Various persons not made defendants in this action have participated as co-conspirators in the violations alleged in this Complaint and have performed acts and made statements in furtherance of the conspiracy.

IV. The Markets for April Notes

14. When the owner of a specific Treasury security holds a position in