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## **NASD Agrees to Demand To Turn Over Documents; Justice Dept. Sought Data in Antitrust Probe**

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Nasdaq stock market officials agreed yesterday to drop their legal objections and turn over every document Justice Department antitrust investigators have sought in a year-long dispute.

The agreement, which government and Nasdaq lawyers said will be filed today in federal court in New York, will allow Justice to proceed with a probe of suspected price fixing by the big firms that handle stock trades on the Nasdaq market.

Justice is investigating allegations that Nasdaq trading firms work together to manipulate prices so small investors pay a few pennies a share more when they buy Nasdaq stocks and get a few cents a share less when they sell, lawyers involved in the case have said.

The investigation is aimed at both the trading firms and the Washington-based National Association of Securities Dealers (NASD), which owns and oversees the computerized Nasdaq stock market, according to sources involved in the case.

Nasdaq officials have said for more than a year that they are cooperating fully with the antitrust investigation. But last month, Justice filed court papers accusing the NASD of stalling requests for hundreds of thousands of documents.

Justice Department lawyers said they had been trying to get many Nasdaq records since last January and that Nasdaq had repeatedly missed deadlines for providing the information sought by government investigators.

After Justice asked a federal judge to force Nasdaq to open up its records, stock market lawyers produced more than 500,000 pages of records and then began negotiating the agreement with the government that was finalized yesterday.

Under the agreement, Nasdaq said it would give the government everything it has sought by Dec. 15 and would not raise future legal challenges to government demands for records.

Neither Justice Department nor Nasdaq officials would say what records they have been fighting over for so long. "The Department of Justice requested a broad range of documents," said attorney F. Joseph Warin of Gibson, Dunn & Crutcher, the Washington law firm that represents the NASD.

Attorneys involved in private antitrust suits against Nasdaq trading firms say they believe the Justice Department is seeking evidence that NASD officials knew about allegations that trading firms were conspiring to raise prices, but did nothing about them.

The antitrust probe began after academic researchers discovered that Nasdaq traders were quoting prices on some stocks only in units of 25 cents, or one-fourth of a point, instead of the increments of 12 1/2 cents, or one-eighth of a point, commonly used on most stocks.

Quoting prices in bigger units means, for example, that an investor who might have been able to buy a stock for \$ 15.12 1/2 a share will instead have to pay \$15.25 for it and the Nasdaq firm selling the stock will make a few cents more on the trade.

In addition to the Justice Department antitrust probe, trading practices on the Nasdaq market are being investigated by the Securities and Exchange Commission, which has officially warned the NASD it may take disciplinary action against the organization.

Under pressure from the SEC and Justice Department, the NASD board of directors earlier this month agreed to split off operation of the Nasdaq market into a separate subsidiary and to set up a new independent regulatory division to oversee the market.