Source of Title

LAWYERS TITLE CORPORATION AGREES TO DIVEST 12 "TITLE PLANTS" TO SETTLE FTC CHARGES THAT MERGER WOULD REDUCE COMPETITION

The Federal Trade Commission today announced that it was publishing for public comment a proposed consent order with Lawyers Title Corporation (LTC) that would require the company to divest title plants in 11 localities in three states and in the District of Columbia. The divestiture would settle FTC charges that LTC's proposed acquisition of the title insurance operations of Reliance Group Holdings, Inc., including Reliance Group's indirect subsidiaries Commonwealth Land Title Insurance Company and Transnation Title Insurance Company, would reduce competition in local markets for title plant services. Title plant services are used in underwriting title insurance and for other purposes in the real estate industry.

"Title plants provide a service that many realtors, consumers and others rely upon when buying real estate. The divestitures that would be required in this case will ensure that these services are provided at competitive prices," said William J. Baer, Director of the FTC's Bureau of Competition.

Title plants are privately-owned collections of real estate title information obtained from public records that can be used to conduct title searches or otherwise determine the ownership of real estate and other property. Title plants permit users to research property ownership information more quickly than by consulting the original public records, which may be located in a number of separate public offices -- for example, in offices of the county recorder, tax collector, and state and federal courts. Because of the county-specific way in which title information is generated and collected and the highly local character of the real estate markets in which the title plant services are used, geographic markets for title plant services are highly localized, consisting of the county or other local jurisdiction embraced by the real property information contained in the title plant.

The FTC's analysis found that the acquisition would be likely to reduce competition in title plant services in the following local areas: the District of Columbia; Brevard, Broward, Clay, Indian River, St. Johns, St. Lucie, and Pasco Counties in Florida; Ingham, Oakland, and Wayne Counties in Michigan; and St. Louis City and County in Missouri.

According to the agency's complaint, in each of these counties or local jurisdictions, the market for title plant services is highly concentrated and LTC and the Reliance Group are direct competitors. The complaint also alleges that because of high fixed costs, entry into the market for title plant services in each of these areas is difficult and unlikely to occur at a sufficient scale to deter or counteract the anticompetitive effect of the acquisition. Therefore, the complaint alleges that the effect of LTC's acquisition of the Reliance Group may be to lessen substantially competition in these locations.

The proposed consent order would require LTC to divest the pre-acquisition title plant interests of either LTC or Reliance Group in each locality to a buyer or buyers approved by the Commission within six months of the consent order being signed. In addition, the proposed order would require LTC to maintain the viability and marketability of the title plants until the divestiture is completed.

The Commission vote to publish the proposed consent order for public comment was 4-0, with Commissioner Mary L. Azcuenaga not participating.

An announcement regarding the proposed consent agreement will be published in the Federal Register shortly. The agreement will be subject to public comment for 60 days, after which the Commission will decide whether to make it final. Comments should be addressed to the FTC, Office of the Secretary, 6th Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580.

NOTE: A consent agreement is for settlement purposes only and does not constitute an admission of a law violation. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of $11,000.

Copies of the complaint, proposed consent order, and analysis to aid public comment are available from the FTC's web site at *http://www.ftc.gov* and also from the FTC's Consumer Response Center, Room 130, 6th Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580; 202-326-3128; TDD for the hearing impaired 1-866-653-4261. Consent agreements subject to public comment also are available by calling 202-326-3627. To find out the latest news as it is announced, call the FTC NewsPhone recording at 202- 326-2710.

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