Investment Firm of MacAndrews & Forbes to Pay $720,000 Penalty to Resolve FTC Allegations Related to Premerger Filing Requirements

The investment firm of MacAndrews & Forbes has agreed to settle Federal Trade Commission charges that it violated the agency’s premerger filing requirements, and will pay a $720,000 civil penalty.

The Hart-Scott-Rodino (HSR) Act requires that parties notify the FTC and the Department of Justice of most large acquisitions. After doing so, parties must observe a waiting period before closing their transaction, while one of the agencies determines whether the transaction may result in a substantial lessening of competition. The violation alleged in the complaint is detailed below.

“The Premerger Notification Program is important and well-known to companies and individuals making acquisitions,” said Richard Feinstein, Director of the Bureau of Competition. “Although we may, in our discretion, not seek penalties for a first-time inadvertent violation, we will not hesitate to seek appropriate penalties where we believe individuals and companies subsequently failed to comply with their filing obligations.”

According to the complaint, MacAndrews & Forbes violated the HSR Act with respect to the acquisition of voting securities of Scientific Games (SG) Corporation in 2012. Based on a previous acquisition in February of 2007, MacAndrews & Forbes could acquire voting securities of SG for five years without making a new HSR filing – until February 9, 2012. MacAndrews & Forbes failed, however, to make a new HSR filing prior to its June 4 and 5, 2012, acquisitions of 800,000 shares of SG, which occurred after the five year grace period had expired. It made a corrective filing on August 16, 2012.

The complaint also notes that MacAndrews & Forbes had previously made a corrective filing in connection with the acquisition of voting securities of SIGA Technologies Inc. in 2011, but does not charge them with a violation in connection with this filing.

MacAndrews & Forbes has agreed to pay a civil penalty of $720,000.

The Department of Justice filed the complaint and settlement on behalf of the Commission in the U.S. District Court for the District of Columbia on June 20, 2013. The Commission vote to refer the complaint and proposed settlement to the DOJ was 4-0-1, with former Chairman Jon Leibowitz not participating.

NOTE: Consent decrees/judgments have the force of law when signed by the District Court judge.

The FTC’s Bureau of Competition works with the Bureau of Economics to investigate alleged anticompetitive business practices and, when appropriate, recommends that the Commission take law enforcement action. To inform the Bureau about particular business practices, call 202-326-3300, send an e-mail to antitrust@ftc.gov, or write to the Office of Policy and Coordination, Bureau of Competition, Federal Trade Commission, 601 New Jersey Ave., N.W., Room 7117, Washington, DC 20001. To learn more about the Bureau of Competition, read Competition Counts. Like the FTC on Facebook, follow us on Twitter, and subscribe to press releases for the latest FTC news and resources.

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