In Two Separate Actions, FTC Charges Investors with Violations of U.S. Premerger Notification Requirements

To settle charges, Ahmet H. Okumus will pay $180,000 and Mitchell P. Rales will pay $720,000

FOR RELEASE

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Hedge fund founder Ahmet H. Okumus has agreed to pay $180,000 in civil penalties to resolve Federal Trade Commission allegations that he violated the Hart-Scott-Rodino Act by failing to report his purchases of voting securities in the internet services company Web.com Group Inc.

In a separate action, entrepreneur Mitchell P. Rales has agreed to pay $720,000 in civil penalties to resolve Federal Trade Commission allegations that he violated the Hart-Scott-Rodino Act by failing to report his purchases of shares in two industrial companies, Colfax Corporation and Danaher Corporation.

Under the Hart-Scott-Rodino Act, companies and individuals must notify the FTC and the Department of Justice of large acquisitions above certain annually adjusted thresholds and and then observe a waiting period before closing their transactions.

The FTC alleged that Okumus violated the HSR Act by exceeding the filing threshold and failing to file as required when he bought shares of Web.com through his hedge fund, Okumus Opportunistic Value Fund, Ltd. According to the complaint, he was in violation of the HSR Act from June 27, 2016, when he purchased the shares, to July 14, 2016, when he sold enough shares so that he did not exceed the threshold.

Although the Commission found his HSR violation to be inadvertent, it determined to seek penalties because, as noted in the complaint, this is Okumus's second HSR violation in two years regarding Web.com. After the first violation, the Commission advised Okumus that he was still "accountable for instituting an effective program to ensure full compliance with the Act's requirements."

In the second matter, the FTC alleged that Rales violated the HSR Act by failing to file as required when his wife purchased shares in Colfax in 2011. The shares, which are attributed to Rales under the applicable HSR Rules, were above the filing threshold. According to the complaint, Rales was in violation of the HSR Act from 2011, when the shares were purchased, to 2016, when he made a corrective filing and observed the waiting period.

The complaint also alleged that in 2008, Rales violated the HSR Act by buying shares of Danaher that exceeded the filing threshold and failing to file. Rales was in violation of the HSR Act between 2008, when he bought the shares, and 2016, when he made a corrective filing and observed the waiting period.

Although Rales contended that the violations were inadvertent, the Commission determined to seek penalties because, as noted in the complaint, Rales had paid civil penalties to settle an earlier HSR enforcement action brought by the Department of Justice in 1991.

The Commission vote in each case referring the complaint and proposed stipulated court order to the Department of Justice for filing in federal court was 3-0. The Department of Justice filed the complaints and proposed orders in the U.S. District Court for the District of Columbia on Jan. 17, 2017.

Consistent with the requirements of the Tunney Act, the proposed settlements, along with the competitive impact statements in the Okumus matter and in the Rales matter will be published in the *Federal Register*. Any person may submit written comments concerning the proposed settlements during a 60-day comment period to Daniel P. Ducore, Assistant Director for Compliance, Bureau of Competition, c/o Federal Trade Commission, 600 Pennsylvania Avenue, NW, CC-8416, Washington, D.C. 20580. E-mailed comments should be sent to: DDUCORE@ftc.gov. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may approve the proposed settlement upon finding that it is in the public interest.

The Federal Trade Commission works to promote competition, and protect and educate consumers. You can learn more about how competition benefits consumers or file an antitrust complaint. Like the FTC on Facebook, follow us on Twitter, read our blogs and subscribe to press releases for the latest FTC news and resources.

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