

IN THE MATTER OF

CLASS RINGS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 7 OF THE CLAYTON ACT AND SEC. 5 OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-3701. Complaint, Dec. 20, 1996--Decision, Dec. 20, 1996

This consent order permits Class Rings, Inc. to acquire L.G. Balfour Company and prohibits, among other things, Class Rings, Inc. and Castle Harlan from acquiring or agreeing to acquire from Town & Country any stock, share capital, equity, or other interest in or assets of Gold Lance.

Appearances

For the Commission: *Joseph Krauss and William Baer.*

For the respondents: *Joseph Kattan, Morgan, Lewis & Bockius,* Washington, D.C. and *Keith Shugarman, Goodwin, Proctor & Hoar,* Washington, D.C.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and of the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Class Rings, Inc., a corporation controlled by Castle Harlan Partners II L.P. ("Castle Harlan"), has entered into an Asset Purchase Agreement with Town & Country Corporation ("Town & Country") and CJC Holdings, Inc. ("CJC"), whereby Class Rings, Inc. has agreed to acquire the class ring assets of Town & Country and has agreed to acquire the class ring assets of CJC, and Town & Country has agreed to acquire stock of Class Rings, Inc., in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, and that such acquisitions, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its complaint stating its charges as follows:

A. THE RESPONDENTS

1. Respondent Class Rings, Inc., a corporation formed and controlled by Castle Harlan Partners II, L.P., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware with its office and principal place of business located at 150 East 58th Street, New York, New York.

2. Respondent Castle Harlan Partners II, L.P. ("Castle Harlan") is a limited partnership organized, existing, and doing business under and by virtue of the laws of the State of Delaware with its office and principal place of business located at 150 East 58th Street, New York, New York. Castle Harlan is a venture capital partnership organized by Castle Harlan Inc., a New York-based investment firm.

3. Respondent Town & Country Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the Commonwealth of Massachusetts with its office and principal place of business located at 25 Union Street, Chelsea, Massachusetts.

4. At all times relevant herein, all respondents have been and are now engaged in commerce as "commerce" is defined in Section 1 of the Clayton Act, 15 U.S.C. 12, and are partnerships or corporations whose business or practices are in or affecting commerce as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. 44.

B. THE PROPOSED ACQUISITIONS

5. On May 20, 1996, Class Rings, Inc., agreed to purchase all of the class ring assets of Town & Country and CJC, pursuant to an Asset Purchase Agreement by and between Class Rings, Inc. as buyer and CJC Holdings, Inc. and CJC North America, Inc. as seller, and an Asset Purchase Agreement by and between Class Rings, Inc. as buyer and Town & Country Corporation, Gold Lance, Inc. ("Gold Lance"), and L.G. Balfour Company, Inc. ("Balfour") as sellers. As consideration for the sale of the assets, Town & Country is to receive cash of approximately \$55 million and approximately 8% of the voting securities of Class Rings, Inc. with rights to receive and additional 10% of the voting securities of Class Rings, Inc.

6. CJC, based in Austin, Texas, is one of the leading manufacturers of commemorative jewelry in the United States. Its class ring division manufactures and markets class rings primarily

under the ArtCarved and R. Johns brand names, and also under the Class Rings, Ltd., Keystone, and Master Class Rings brand names. CJC distributes its class rings primarily through retail jewelry stores, college bookstores, and certain mass merchandisers.

7. Town & Country, through its class ring divisions, Gold Lance and Balfour, is a leading producer of high school and college class rings. Town & Country's class rings are available through retail jewelry stores and mass merchandisers under the Gold Lance brand name, and through both independent sales representatives and direct sales in schools under the Balfour brand name. Gold Lance and Balfour rings are manufactured in separate plants (Gold Lance in Houston, Texas and Balfour in North Attleboro, Massachusetts), and the two divisions are operated independently. Balfour also produces a variety of other products, including graduation announcements, personalized jewelry, and sports and recognition products.

8. Town & Country and CJC are substantial, direct competitors in the United States market for the manufacture and sale of high school and college class rings.

C. RELEVANT OF COMMERCE

9. One relevant line of commerce within which to analyze the effects of the proposed acquisitions is the United States market for class rings. Class rings are rings manufactured and sold to high school, junior high school, undergraduate, graduate, trade school, and community college students, and students of any other post-high school institutions to commemorate their graduation. Class rings are generally made of gold, silver or of steel alloy metals and often include a precious or synthetic stone, the school name, student's interests or activities, date of graduation, and various other inscriptions.

10. Class rings are purchased by students to commemorate their graduation from high school or college. There are no substitutes for class rings and students would not switch to other types of commemorative jewelry, such as pins and medallions, even in response to a significant price increase in class rings. Students generally buy or receive as gifts other commemorative products in addition to, not instead of, class rings. Students do not view other products or graduation gifts as substitutes for a class ring. Commemorative products are usually purchased close to the time of

graduation, whereas class rings are typically ordered well before graduation, often one or two years in advance.

11. Students often have the option of purchasing a class ring at their schools or at a retail jewelry store. CJC distributes virtually all of its high school class rings through retail jewelry stores and accounts for a dominant share of the high school rings sold in retail stores. Town & Country's Gold Lance subsidiary is CJC's principal competitor; it sells only through retail jewelry stores, and the vast majority of its business is in high school rings. Jostens, Inc. has the leading share of in-school sales of high school class rings, and sells only small volumes of class rings in retail jewelry stores. Balfour sells only in schools or in college bookstores and has no sales through retail jewelry stores.

12. The relevant geographic market within which to analyze the effects of the proposed transactions is the United States. The sale of class rings is a uniquely American phenomenon.

13. Total sales of class rings in the United States are approximately \$330 million. Approximately 40% of all class rings are sold through retail distribution in retail jewelry stores.

D. CONCENTRATION

14. The United States class ring market is highly concentrated. CJC and Town & Country are two of only four major manufacturers of class rings in the United States and have a combined market share of over 40% of all class rings sold in the United States. Jostens, Inc. (currently the largest manufacturer of class rings in the United States), CJC, Town & Country, and Herff Jones, Inc., together account for over 95% of all class ring sales. The proposed merger of CJC and Town & Country assets would increase the Herfindahl-Hirschmann Index ("HHI") over 900 points to approximately 3760.

15. The remaining 5% of the class ring market is composed of several smaller class ring manufacturers whose combined share historically has not exceeded 5%. These firms are limited in their ability to expand by their limited inventory of molds and limited distribution.

16. The combination of the CJC and Town & Country class ring assets would give the merged entity a combined market share of over 90% of class rings sold through the retail distribution channel.

E. CONDITIONS OF ENTRY

17. *De novo* entry or fringe expansion into the class rings market which would be sufficient to deter or offset reductions in competition resulting from the proposed acquisitions would not be timely or likely.

18. The four major class ring manufacturers each have hundreds of thousands of molds and produce a variety of styles, sizes, options and features for class rings sold across the United States. The small fringe producers each have inventories of only several thousand molds. The costs and time necessary to create a large inventory of molds are significant and the costs to build a mold inventory are sunk costs.

19. Distribution barriers are also substantial. Schools and jewelry store operators are reluctant to replace their existing class ring suppliers. Marketing impediments include the need to build a reputation and a specialized sales force. Class ring manufacturers must deliver highly customized products in a timely manner.

20. Manufacturers of recognition jewelry use the same manufacturing process as that used by manufacturers of class rings. However, recognition jewelry manufacturers do not have the necessary molds to produce class rings and are not organized to deliver customized products to customers in a timely manner.

F. FACTORS THAT INCREASE LIKELIHOOD OF
COORDINATED INTERACTION

21. The class ring market already has several indicia of a market susceptible to coordinated interaction and the proposed acquisitions would increase competitors' ability to coordinate. Product lines, while adverse, are comparable across firms. Pricing and unit sales information is widely available among firms, and the major firms are moving toward more simple pricing structures which will make that information even more easily available. Transactions are numerous and small. Market shares have been relatively stable, with little or no shifting of share among the leading firms.

22. There already is substantial communication and interaction between the leading firms in the class ring market. Company documents reveal contacts between firms in the market and the exchange of pricing and promotional information.

G. EFFECTS OF THE PROPOSED ACQUISITIONS

23. The proposed acquisition of the class ring assets of CJC and T&C by Class Rings, Inc., may substantially lessen competition in the United States market for class rings by, among other things:

- a. Increasing concentration substantially in a highly concentrated market;
- b. Eliminating substantial head-to-head competition between Gold Lance and CJC;
- c. Substantially increasing the risk of coordinated interaction;
- d. Substantially increasing the risk of unilateral effects in class rings sold through the retail distribution channel;
- e. Increasing prices for class rings.

H. VIOLATIONS CHARGED

24. The agreements described in paragraph five violate Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45.

25. The proposed acquisition of the class ring assets of Town & Country and CJC by Class Rings, Inc., and the acquisition of stock in Class Rings, Inc., by Town & Country, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45.

DECISION AND ORDER

The Federal Trade Commission ("Commission") having initiated an investigation of the proposed acquisition by Class Rings, Inc., a corporation controlled by Castle Harlan partners II, L.P. ("Castle Harlan"), of the class ring assets of CJC Holdings, Inc. and CJC North America, Inc. (collectively "CJC") and the class ring assets of Town & Country Corporation ("Town & Country"), and the proposed acquisition by Town & Country of voting securities of Class Rings, Inc. (Class Rings, Inc., Castle Harlan and Town & Country hereinafter sometimes referred to as "respondents"), and respondents having been furnished with a copy of a complaint that the Bureau of Competition has presented to the Commission for its consideration and which, if issued by the Commission, would charge respondents

with violations of the Clayton Act and the Federal Trade Commission Act; and

The respondents, their attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the aforesaid complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, makes the following jurisdictional findings and enters the following order:

1. Respondents Class Rings, Inc., a corporation controlled by Castle Harlan Partners II, L.P., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware with its office and principal place of business located at 150 East 58th Street, New York, New York.

2. Respondent Castle Harlan Partners II, L.P., is a limited partnership organized, existing, and doing business under and by virtue of the laws of the State of Delaware with its office and principal place of business located at 150 East 58th Street, New York, New York.

3. Respondent Town & Country Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the Commonwealth of Massachusetts with its office and principal place of business located at 25 Union Street, Chelsea, Massachusetts.

4. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

I.

For purposes of this order, the following definitions shall apply:

A. "*Respondent Class Rings, Inc.*" or "*Class Rings, Inc.*" means Class Rings, Inc., its predecessors, subsidiaries, divisions, groups and affiliates controlled by Class Rings, Inc.; and their respective directors, officers, employees, agents and representatives and the respective successors and assigns of each.

B. "*Respondent Castle Harlan*" or "*Castle Harlan*" means Castle Harlan Partners II, L.P., its predecessors, subsidiaries (including, but not limited to Class Rings, Inc. and Keepsake Jewelry, Inc.), divisions, groups and affiliates controlled by Castle Harlan; and their respective general partners, officers, employees, agents and representatives and the respective successors and assigns of each.

C. "*Respondent Town & Country*" or "*Town & Country*" means Town & Country Corporation, its predecessors, subsidiaries (including but not limited to, Gold Lance, Inc.), divisions, groups and affiliates controlled by Town & Country; and their respective directors, officers, employees, agents and representatives, and the respective successors and assigns of each. For purposes of this order, Town & Country shall not include L.G. Balfour Company, Inc., the assets of L.G. Balfour Company, Inc., and any assets related to the business of L. G. Balfour Company, Inc., to be purchased by Class Rings, Inc., referred to in the Asset Purchase Agreement dated May 20, 1996.

D. "*Gold Lance*" means Gold Lance, Inc., its predecessors, subsidiaries, divisions, groups and affiliates controlled by Gold Lance, Inc.; and their respective directors, officers, employees, agents and representatives and the respective successors and assigns of each.

E. "*Respondents*" means Class Rings, Inc., Castle Harlan and Town & Country.

F. "*Commission*" means the Federal Trade Commission.

G. "*Class rings*" means rings manufactured and sold to high school, junior high school, college, undergraduate, graduate, trade school, and community college students, and students of any other post-high school institutions to commemorate their graduation. Class rings are generally made of gold, silver or steel alloy metals and often include a precious or synthetic stone, the school name, student's

interests or activities, date of graduation, and various other inscriptions.

II.

It is ordered, That, at or before the time respondent Class Rings, Inc., acquires L. G. Balfour Company, Inc., its assets and any other assets related to the business of L.G. Balfour Company, Inc., to be purchased by Class Rings, Inc., referred to in the Asset Purchase Agreement dated May 20, 1996, Castle Harlan and Class Rings, Inc., shall not acquire from or agree to acquire from Town & Country, and Town & Country shall not sell to or agree to sell to Castle Harlan or Class Rings, Inc., any stock, share capital, equity, debt, or other interest in or assets of Gold Lance or any stock, share capital, equity, debt, or other interest in or assets of Town & Country; and respondent Town & Country shall not acquire or agree to acquire from Castle Harlan or Class Rings, Inc., and Castle Harlan and Class Rings, Inc., shall not sell or agree to sell to respondent Town & Country any stock, share capital, equity, debt, or other interest in or assets of respondents Castle Harlan or Class Rings, Inc.

The purpose of this provision is to ensure the continuation of Gold Lance as an independent competitor in the design, manufacture and sale of Class Rings and to remedy the lessening of competition as alleged in the Commission's complaint.

III.

It is further ordered, That, for a period of ten (10) years from the date this order becomes final, respondent Class Rings, Inc., and respondent Castle Harlan shall not, without the prior approval of the Commission, directly or indirectly, through subsidiaries, partnerships, or otherwise:

A. Acquire any stock, share capital, equity, debt, or other interest in Gold Lance or Town & Country, or;

B. Acquire any assets used in the design, manufacture, or sale of Class Rings from Gold Lance or Town & Country.

IV.

It is further ordered, That, for a period of ten (10) years from the date this order becomes final respondent Town & Country shall not, without the prior approval of the Commission, directly or indirectly, through subsidiaries, partnerships, or otherwise:

A. Acquire any stock, share capital, equity, debt, or other interest in Class Rings, Inc., or Castle Harlan, or;

B. Acquire any assets used in the design, manufacture, or sale of Class Rings from Castle Harlan or Class Rings, Inc.;

Provided, however, Town & Country may purchase assets from Castle Harlan or Class Rings, Inc., totaling not more than \$2 million in any twelve (12) month period, without prior approval of the Commission.

V.

It is further ordered, That:

Respondent Castle Harlan and respondent Class Rings, Inc., shall not, for a period of one (1) year from the date this order becomes final, employ or seek to employ any person who is or was employed at any time during calendar year 1996 by Gold Lance or by Town & Country in any position relating to the design, manufacture, or sale of Class Rings.

VI.

It is further ordered, That:

A. Within sixty (60) days after the order becomes final and every sixty (60) days thereafter until respondents have fully complied with the provisions of paragraph II of this order, each of the respondents shall submit to the Commission a verified written report setting forth in detail the manner and form in which it intends to comply, is complying, and has complied with paragraph II of this order.

B. One year (1) from the date of this order becomes final, annually for the next nine (9) years on the anniversary of the date this order becomes final, and at other times as the Commission may

require, each of the respondents shall file a verified written report with the Commission setting forth in detail the manner and form in which it has complied and is complying with paragraphs III, IV, and V of this order.

VII.

It is further ordered, That respondent Castle Harlan, Class Rings, Inc., and Town & Country shall notify the Commission at least thirty (30) days prior to any proposed change in the respondents such as dissolution, assignment, or sale resulting in the emergence of a successor corporation or partnership, the creation or dissolution of subsidiaries or any other change in the respondents that may affect compliance obligations arising out of the order.

VIII.

It is further ordered, That, for the purpose of determining or securing compliance with this order, each of the respondents shall permit any duly authorized representative of the Commission:

A. Access, during office hours of respondents and in the presence of counsel, to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of respondents relating to any matters contained in this order; and

B. Upon five (5) days' notice to respondents and without restraint or interference from them, to interview officers, directors, or employees of respondents.

IX.

It is further ordered, That this order shall expire ten (10) years from the date this order becomes final.

Commissioner Azcuenaga concurring in part and dissenting in part.

ATTACHMENT A

INTERIM AGREEMENT

This Interim Agreement is by and between Class Rings, Inc., a corporation organized and existing under the laws of the State of Delaware ("Class Rings, Inc."), Castle Harlan Partners II, L.P., a limited partnership organized and existing under the laws of the State of Delaware ("Castle Harlan"), Town & Country Corporation, a corporation organized and existing under the laws of the State of Massachusetts ("Town & Country"), and the Federal Trade Commission, an independent agency of the United States Government, established under the Federal Trade Commission Act of 1914, 15 U.S.C. 41, *et seq.* (the "Commission").

PREMISES

Whereas, Class Rings, Inc. has proposed to acquire all of the class ring assets of Town & Country pursuant to the Asset Purchase Agreement dated May 20, 1996 ("the proposed Acquisition");

Whereas, the Commission is now investigating the proposed Acquisition to determine if it would violate any of the statutes the Commission enforces; and

Whereas, if the Commission accepts the Agreement Containing Consent Order ("Consent Agreement"), the Commission will place it on the public record for a period of at least sixty (60) days and subsequently may either withdraw such acceptance or issue and serve its complaint and decision in disposition of the proceeding pursuant to the provisions of Section 2.34 of the Commission's Rules; and

Whereas, the Commission is concerned that if an understanding is not reached during the period prior to the final issuance of the Consent Agreement by the Commission (after the 60-day public notice period), there may be interim competitive harm, and divestiture or other relief resulting from a proceeding challenging the legality of the proposed Acquisition might not be possible, or might be less than an effective remedy; and

Whereas, the entering into this Interim Agreement by Class Rings, Inc., Castle Harlan and Town & Country shall in no way be construed as an admission by Class Rings, Inc., Castle Harlan and Town & Country that the proposed Acquisition constitutes a violation of any statute; and

Whereas, Class Rings, Inc., Castle Harlan and Town & Country understand that no act or transaction contemplated by this Interim Agreement shall be deemed immune or exempt from the provisions of the antitrust laws or the Federal Trade Commission Act by reason of anything contained in this Interim Agreement.

Now, therefore, Class Rings, Inc., Castle Harlan and Town & Country agree, upon the understanding that the Commission has not yet determined whether the proposed Acquisition will be challenged, and in consideration of the Commission's agreement that, at the time it accepts the Consent Agreement for public comment, it will grant early termination of the Hart-Scott-Rodino waiting period, as follows:

1. Class Rings, Inc., Castle Harlan and Town & Country agree to execute the Consent Agreement and be bound by the terms of the order contained in the Consent Agreement, as if it were final, from the date Class Rings, Inc., Castle Harlan and Town & Country sign the Consent Agreement.

2. Class Rings, Inc., Castle Harlan and Town & Country agree to submit, within twenty (20) days of the date the Consent Agreement is signed by Class Rings, Inc., Castle Harlan and Town & Country, and every thirty (30) days thereafter until respondents have fully complied with the provisions of paragraph II of the Consent Agreement, written reports, pursuant to Section 2.33 of the Commission's Rules, signed by Class Rings, Inc., Castle Harlan and Town & Country setting forth in detail the manner in which Class Rings, Inc., Castle Harlan and Town & Country will comply or have complied with paragraph II of the Consent Agreement.

3. Class Rings, Inc., Castle Harlan and Town & Country agree that, from the date Class Rings, Inc., Castle Harlan and Town & Country sign the Consent Agreement until the first of the dates listed in subparagraphs 3.a. and 3.b., it will comply with the provisions of this Interim Agreement:

- a. Ten (10) business days after the Commission withdraws its acceptance of the Consent Agreement pursuant to the provisions of Section 2.34 of the Commission's Rules; or

- b. The date the order is final.

4. Class Rings, Inc., Castle Harlan and Town & Country waive all rights to contest the validity of this Interim Agreement.

5. For the purpose of determining or securing compliance with this Interim Agreement, subject to any legally recognized privilege, and upon written request, and on reasonable notice, Class Rings, Inc., Castle Harlan and Town & Country shall permit any duly authorized representative or representatives of the Commission:

a. Access, during the office hours of Class Rings, Inc., Castle Harlan and Town & Country and in the presence of counsel, to inspect and copy all books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession or under the control of Class Rings, Inc., Castle Harlan and Town & Country relating to compliance with this Interim Agreement; and

b. Upon five (5) days' notice to Class Rings, Inc., Castle Harlan and Town & Country and without restraint or interference from it, to interview officers, directors, or employees of Class Rings, Inc., Castle Harlan and Town & Country who may have counsel present, regarding any such matters.

7. This Interim Agreement shall not be binding until accepted by the Commission.

STATEMENT OF COMMISSIONER MARY L. AZCUENAGA
CONCURRING IN PART AND DISSENTING IN PART

Today the Commission issues a consent order resolving allegations that the proposed acquisitions by Class Rings, Inc., a newly created subsidiary of Castle Harlan Partners II, L.P., of certain assets of Town & Country Corp. (two subsidiaries, Gold Lance, Inc., and L.G. Balfour, Inc.) and CJC Holdings, Inc., would be unlawful. The proposed order prohibits the acquisition of Gold Lance.

I concur, except with respect to the prior approval provisions in paragraphs III and IV of the proposed order, which are inconsistent with the "Statement of Federal Trade Commission Policy Concerning Prior Approval and Prior Notice Provisions" ("Prior Approval Policy Statement" or "Statement"). In its Statement, the Commission announced that it would "rely on" the Hart-Scott-Rodino premerger notification requirements in lieu of imposing prior approval or prior notice provisions in its orders. Although the Commission reserved its power to use prior approval or notice "in certain limited circumstances," it cited only a single situation in which a prior approval clause might be appropriate, that is, "where there is a credible risk that a company" might attempt the same merger.

The complaint does not allege any facts showing a "credible risk" that the parties might attempt to acquire Gold Lance a second time. Nor am I aware of any reason to think that the parties have a concealed plan or intention to circumvent the order by doing so. Of course, as evidenced by their premerger notification report filed pursuant to the requirement of the Hart-Scott-Rodino Act, the parties wanted to acquire Gold Lance, but every merger case involves parties who want to combine firms or assets.

As I understand it, the primary reason for assuming that the parties will try again is that they seemed so much to want to consummate this transaction. The intensity of the parties' interest in a proposed transaction as perceived by the Commission (even assuming that we can distinguish between the vigor of their legal representation and the intensity of their own feelings) has no established predictive value of the likelihood that parties will again attempt a transaction now known to be viewed unfavorably by the FTC. In addition, the intensity of their feelings as perceived by the Commission is unlikely to result in an evenhanded selection of exceptions to our prior approval policy.

It also has been suggested that one reason for imposing a prior approval requirement is that the Commission is prohibiting the acquisition of Gold Lance, rather than allowing it subject to a divestiture requirement, under which the Commission supervises the divestiture. In fact, however, the choice of remedy is not predictive of the likelihood of recurrence. Once a divestiture has been accomplished, the Commission has no greater ability to deter a particular transaction than it will here.

I am most sympathetic to the concern that if the parties attempted to repeat the transaction in the future, the Commission might be faced with a significant duplicative expenditure of resources. That is one of the reasons I dissented from the Commission's Prior Approval Policy Statement. Dissenting Statement of Commissioner Mary L. Azcuenaga on Decision to Abandon Prior Approval Requirements in Merger Orders, 4 CCH Trade Reg. Rep. ¶ 13,241 at 20,992 (1995). But given that we have the policy, it seems to me incumbent on the Commission either to live by it or to change it.¹

¹ See Dissenting Statement of Commissioner Mary L. Azcuenaga in *The Vons Companies, Inc.*, Docket No. C-3391 (May 24, 1996).