

Complaint

IN THE MATTER OF

**RANGERS RENAL HOLDING, LP,
US RENAL CARE, INC.,
DIALYSIS PARENT, LLC,
AND
DIALYSIS HOLDCO, LLC.**

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

*Docket No. C-4570; File No. 151 0215
Complaint, March 17, 2016 – Decision, March 17, 2016*

This consent order addresses the \$640 million acquisition by Rangers Renal Holdings LP of certain assets of Dialysis Parent, LLC. The complaint alleges that the acquisition, if consummated, would violate Section 7 of the Clayton Act and Section 5 of the Federal Trade Commission Act by substantially lessening competition in Laredo, Texas, for the provision of outpatient dialysis services. Under the Order, US Renal Care, Inc. is required to divest Dialysis Newco, Inc.’s three dialysis clinics in Laredo, Texas.

Participants

For the *Commission*: Lisa D. DeMarchi Sleight, Sebastian Lorigo, Eric Rohlck, and Sarah Wohl.

For the *Respondents*: Amanda Reeves and Kory Wilmot, Latham & Watkins LLP; Gorav Jindal, Dechert LLP.

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act (“FTC Act”), and its authority thereunder, the Federal Trade Commission (“Commission”), having reason to believe that the Respondent Rangers Renal Holdings LP (“Rangers Holdings”), a company subject to the jurisdiction of the Commission, has entered into an agreement to acquire Dialysis Parent, LLC (“Dialysis Parent”), a company subject to the jurisdiction of the Commission, in violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45; that such acquisition, if consummated, would violate Section 7 of the of the Clayton Act,

Complaint

as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45; 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:

I. DEFINITIONS

1. “Dialysis” means the filtering of a person’s blood, inside or outside of the body, to replicate the functions of the kidney.
2. “ESRD” means end stage renal disease, a chronic disease characterized by a near total loss of function of the kidneys, which in healthy people remove toxins and excess fluid from the blood.
3. “Outpatient dialysis services” means all procedures and services related to administering chronic dialysis treatment.

II. RESPONDENTS

4. Respondent Rangers Holdings 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 11111 Santa Monica Boulevard, Suite 2000, Los Angeles, CA 90025. Rangers Holdings is the parent of US Renal Care, Inc. (“USRC”), a Delaware corporation, with its office and principal place of business located at 2400 Dallas Parkway, Suite 350, Plano, TX 75093. Respondent Rangers Holdings, among other things, is engaged in the provision and sale of outpatient dialysis services as USRC.

5. Respondent Dialysis Parent, LLC (“Dialysis Parent”) is a limited liability company 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 601 Union Street, Suite 3100, Seattle, WA 98101. Dialysis Parent, among other things, is engaged in the provision and sale of outpatient dialysis services as DSI Renal (“DSI”).

6. Respondent Dialysis HoldCo, LLC is a limited liability company organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its corporate head

Complaint

office located at 424 Church Street, Suite 1900, Nashville, TN 37219. Dialysis HoldCo, LLC is a wholly owned subsidiary of Dialysis Parent, LLC.

7. Each Respondent is, and at all times herein has been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a company whose business is in or affects commerce, as “commerce” is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

III. THE PROPOSED ACQUISITION

8. Pursuant to a Contribution Agreement between Rangers Holdings and Dialysis Parent dated August 21, 2015 (“Agreement”), Rangers Holdings will acquire all of the outstanding membership interests in Dialysis HoldCo, LLC, and, in exchange, Dialysis Parent will receive approximately 44% of the membership interests in Rangers Holdings in a transaction valued at approximately \$640 million (the “Acquisition”).

IV. THE RELEVANT MARKET

9. For the purposes of this Complaint, the relevant line of commerce in which to analyze the effects of the Acquisition is the provision of outpatient dialysis services. Most ESRD patients receive dialysis treatments three times per week in sessions lasting between three and five hours while some patients receive treatment at home so they visit the clinic less frequently. ESRD is fatal if not treated with dialysis. The only alternative to outpatient dialysis treatments for patients suffering from ESRD is a kidney transplant. However, the wait time for donor kidneys, during which ESRD patients must receive dialysis treatments, can exceed three years. Additionally, many ESRD patients are not viable transplant candidates. As a result, many ESRD patients have no alternative to dialysis treatments.

10. The relevant geographic market for the provision of dialysis services is defined by the distance ESRD patients are willing and/or able to travel to receive dialysis treatments, and is thus local in nature. Because ESRD patients often suffer from multiple health problems and may require assistance traveling to

Complaint

and from the dialysis clinic, these patients are unwilling and/or unable to travel long distances to receive dialysis treatment. As a general rule, ESRD patients do not travel more than thirty miles or thirty minutes to receive dialysis treatment, although travel times and distances vary depending on geographic barriers, travel patterns, and whether an area is urban, suburban, or rural.

11. For the purposes of this Complaint, the geographic market within which to assess the competitive effects of the proposed merger is the area comprised of or within the Laredo, Texas core-based statistical area.

V. THE STRUCTURE OF THE MARKET

12. The market for the provision of outpatient dialysis services is highly concentrated in the local area identified in Paragraph 11. The proposed acquisition would cause the number of providers to be reduced from three to two in the market, leaving only the combined firm and Fresenius Medical Care North America.

13. USRC and DSI are actual and substantial competitors in the relevant market.

VI. ENTRY CONDITIONS

14. The most significant barrier to entry into the relevant market is engaging a nephrologist with an established referral base to serve as the clinic's medical director. By law, each dialysis clinic must have a nephrologist medical director. The medical director is also essential to the competitiveness of the clinic because he or she is the clinic's primary source of referrals. The lack of unaffiliated nephrologists with an established referral stream is a significant barrier to entry into the relevant geographic market identified in Paragraph 11. Additionally, an area must have a low penetration of dialysis clinics and a high ratio of commercial to Medicare patients to attract entry. The absence of these attributes is an additional barrier to entry into the relevant geographic market.

15. The Laredo area does not have available nephrologists or other attributes that would attract entry into the relevant market

Complaint

sufficient to deter or counteract the anticompetitive effects described in Paragraph 16.

VII. EFFECTS OF THE ACQUISITION

16. The effects of the Acquisition, if consummated, may be substantially to lessen competition in the relevant market in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others:

- a. eliminating actual, direct, and substantial competition between USRC and DSI in the market for the provision of outpatient dialysis services;
- b. increasing the ability of the merged entity unilaterally to raise prices for outpatient dialysis services; and
- c. reducing incentives to improve service or quality in the relevant market.

VIII. VIOLATIONS CHARGED

17. The Agreement described in Paragraph 8 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

18. The Acquisition described in Paragraph 8, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this seventeenth day of March, 2016, issues its Complaint against said Respondents.

By the Commission.

Decision and Order

DECISION AND ORDER
[Public Record Version]

The Federal Trade Commission (“Commission”), having initiated an investigation of the proposed acquisition by Rangers Renal Holdings, LP and US Renal Care, Inc. of Dialysis HoldCo LLC from Dialysis Parent LLC (collectively “Respondents”), and Respondents having been furnished thereafter with a copy of a draft Complaint that the Bureau of Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge Respondents with violations of 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; and

Respondents, their attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Orders (“Consent Agreement”), containing an admission by Respondents of all the jurisdictional facts set forth in the aforesaid draft of Complaint, a statement that the signing of said Consent 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, or that the facts as alleged in such Complaint, other than jurisdictional facts, are true, 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 Respondents have violated the said Acts, and that a Complaint should issue stating its charges in that respect, and having thereupon issued its Complaint, and having accepted the executed Consent Agreement and placed such Consent Agreement on the public record for a period of thirty (30) days for the receipt and consideration of public comments, and having duly considered the comment received from an interested person pursuant to Commission Rule 2.34, 16 C.F.R. § 2.34, now in further conformity with the procedure described in Commission Rule 2.34, the Commission hereby makes the following jurisdictional findings and issues the following Decision and Order (“Order”):

Decision and Order

1. Respondent Rangers Renal Holdings, LP is a Delaware limited partnership, with its office and principal place of business located at 11111 Santa Monica Boulevard, Suite 2000, Los Angeles, CA 90025.
2. Respondent US Renal Care, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its corporate head office located at 2400 Dallas Parkway, Suite 350, Dallas, TX 75093. US Renal Care, Inc. is a wholly-owned subsidiary of Rangers Renal Holding, LP.
3. Respondent Dialysis Parent, LLC is a limited liability company, organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its corporate head office located at 601 Union Street, Suite 3100, Seattle, WA 98101.
4. Respondent Dialysis HoldCo, LLC is a limited liability company, organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its corporate head office located at 424 Church Street, Suite 1900, Nashville, TN 37219. Dialysis HoldCo, LLC is a wholly-owned subsidiary of Dialysis Parent, LLC.
5. The Commission has jurisdiction of the subject matter of this proceeding and of the Respondents, and the proceeding is in the public interest.

ORDER**I.**

IT IS ORDERED that, as used in this Order, the following definitions shall apply:

- A. “US Renal Care” means: (a) Rangers Renal Holdings, LP, its directors, officers, employees, agents, representatives, successors, and assigns; and its joint

Decision and Order

ventures, subsidiaries, divisions, groups, and affiliates controlled by Rangers Renal Holdings, LP, and the respective directors, officers, employees, agents, representatives, successors, and assigns of each, and (b) US Renal Care, Inc., its directors, officers, employees, agents, representatives, successors, and assigns; and its joint ventures, subsidiaries, divisions, groups, and affiliates controlled by US Renal Care, Inc., and the respective directors, officers, employees, agents, representatives, successors, and assigns of each. After the Acquisition, US Renal Care includes DSI.

- B. “DSI” means (a) Dialysis Parent, LLC, its directors, officers, employees, agents, representatives, successors, and assigns; and its joint ventures, subsidiaries, divisions, groups, and affiliates controlled by Dialysis Parent, LLC, and the respective directors, officers, employees, agents, representatives, successors, and assigns of each, and (b) Dialysis HoldCo, LLC, its directors, officers, employees, agents, representatives, successors, and assigns; and its joint ventures, subsidiaries, divisions, groups, and affiliates controlled by Dialysis HoldCo, LLC, and the respective directors, officers, employees, agents, representatives, successors, and assigns of each .
- C. “Respondents” means US Renal Care and DSI.
- D. “Commission” means the Federal Trade Commission.
- E. “Acquirer(s)” means the following:
 - 1. a Person specified by name in this Order to acquire particular assets or rights that Respondents are required to assign, grant, license, divest, transfer, deliver, or otherwise convey pursuant to this Order and that has been approved by the Commission to accomplish the requirements of this Order in connection with the Commission’s determination to make this Order final and effective; or

Decision and Order

2. a Person approved by the Commission to acquire particular assets or rights that Respondents are required to assign, grant, license, divest, transfer, deliver, or otherwise convey pursuant to this Order.
- F. “Acquisition” means Respondent Rangers Renal Holding’s acquisition of Respondent Dialysis HoldCo LLC from Respondent Dialysis Parent, LLC.
- G. “Acquisition Date” means the date on which the Acquisition is consummated.
- H. “Clinic” means a facility that provides hemodialysis or peritoneal dialysis services to patients suffering from kidney disease.
- I. “Clinic’s Physician Contracts” means all agreements to provide the services of a Physician to a Clinic, regardless of whether any of the agreements are with a Physician or with a medical group, including, but not limited to, agreements for the services of a medical director for the Clinic and “joinder” agreements with Physicians in the same medical practice as a medical director of the Clinic.
- J. “Confidential Business Information” means competitively sensitive, proprietary, and all other information that is not in the public domain, owned by or pertaining to, a Person or a Person’s business, and includes, but is not limited to, all customer lists, price lists, contracts, cost information, marketing methods, patents, technologies, policies and procedures, processes, or other trade secrets.
- K. “Contract Services” means services performed pursuant to any Clinic’s Physician Contract.
- L. “Designated DSI Employee” means each employee of a DSI Laredo Clinic.

Decision and Order

- M. “Divestiture Trustee” means the person appointed to act as Trustee by the Commission pursuant to Paragraph II.A or Paragraph V of this Order.
- N. “DSI Laredo Clinic” or “DSI Laredo Clinics” means any one, or all of following:
1. DSI Laredo Dialysis, located at 5501 Springfield Avenue, Laredo, TX 78041.
 2. DSI South Laredo Dialysis and South Laredo Home, located at 802 Guadalupe Street, Laredo, TX 78040; and
 3. DSI West Laredo Dialysis, located at 4151 Jaime Zapata Memorial Hwy, Ste. 105, Laredo, TX 78046.
- O. “DSI Laredo Clinic Assets” means the following assets relating to the Operation Of A Clinic:
1. all rights under the Clinic’s Physician Contracts;
 2. leases for the Real Property of the DSI Laredo Clinic;
 3. consumable or disposable inventory consistent with the ordinary course of business at the DSI Laredo Clinics including, but not limited to, janitorial, office, medical supplies, dialysis supplies, and pharmaceuticals including, but not limited to, erythropoietin;
 4. all rights, title and interest in any tangible property (except for consumable or disposable inventory) that has been on the premises of the Clinic at any time since June 1, 2015, including, but not limited to, all equipment, furnishings, fixtures, improvements, and appurtenances;

Decision and Order

5. all books, records, files, correspondence, manuals, computer printouts, databases, and other documents relating to the Operation Of A DSI Laredo Clinic, including, but not limited to:
 - a. documents containing information relating to patients (to the extent transferable under applicable law), including, but not limited to, medical records,
 - b. financial records,
 - c. personnel files,
 - d. physician lists and other records of the clinic's dealings with physicians,
 - e. maintenance records,
 - f. documents relating to policies and procedures,
 - g. documents relating to quality control,
 - h. documents relating to payors,
 - i. documents relating to suppliers,
 - j. documents relating to the DSI Laredo Clinics that are also related to the Operation Of Clinics other than the DSI Laredo Clinics, *provided, however,* if such documents are located other than on the premises of the DSI Laredo Clinics, Respondents may divest a copy of the document with the portions not relating to the DSI Laredo Clinics redacted, and
 - k. copies of contracts with Payors and Suppliers, unless such contracts cannot, according to their terms, be disclosed to third parties even with the permission of Respondents to make such disclosure.

Decision and Order

6. Respondents' Medicare and Medicaid provider numbers, to the extent transferable;
7. all permits and licenses, to the extent transferable;
8. intangible property relating exclusively to the Operation Of A DSI Laredo Clinic; and a royalty-free perpetual worldwide license for the use, without any limitation, of all other intangible property relating to the Operation Of A DSI Laredo Clinic (including the right to transfer or sublicense such intangible property, exclusively or nonexclusively, to others by any means); and
9. assets that are used in, or necessary for, the Operation Of A DSI Laredo Clinic.

Provided, however, that "assets relating to" does not include Excluded Assets.

P. "Employee Of A DSI Laredo Clinic" and "Employee Of The DSI Laredo Clinic" mean any individual (including, but not limited to, a clinic director, manager, nurse, technician, clerk, dietician, or social worker) who is employed by Respondents, by an Acquirer, or by another manager or owner of such DSI Laredo Clinic, and who has worked part-time or full-time on the premises of such DSI Laredo Clinic at any time since January 1, 2015, regardless of whether the individual has also worked on the premises of any other Clinic.

Q. "Excluded Assets" means:

1. all cash, cash equivalents, and short term investments of cash;
2. accounts receivable;

Decision and Order

3. income tax refunds and tax deposits due to Respondents;
4. unbilled costs and fees, and Medicare bad debt recovery claims, arising before a Clinic is divested to an Acquirer;
5. rights to the names “US Renal Care,” and “DSI,” and any variation of those names (unless otherwise licensed to an Acquirer pursuant to the Order);
6. insurance policies and all claims thereunder;
7. prepaid expenses;
8. minute books (other than governing body minute books of the DSI Laredo Clinic), tax returns, and other corporate books and records;
9. any inter-company balances due to or from Respondents or their affiliates;
10. all benefits plans;
11. all writings and other items that are protected by the attorney-client privilege, the attorney work product doctrine or any other cognizable privilege or protection, except to the extent such information is necessary to the Operation Of A DSI Laredo Clinic;
12. telecommunication systems equipment and applications, and information systems equipment including, but not limited to, computer hardware not physically located at a DSI Laredo Clinic but shared with the DSI Laredo Clinic through local and/or wide area networking systems;
13. computer hardware used in the Operation Of A DSI Laredo Clinic that is (a) not located at the

Decision and Order

Clinic, and (b) not otherwise to be divested pursuant to a Remedial Agreement;

14. all Supplier or provider numbers issued to Respondents by a Supplier or Payor with respect to any DSI Laredo Clinic, except for Respondents' Medicare and Medicaid provider numbers for each DSI Laredo Clinic;
15. rights under agreements with Payors and Suppliers that are not assignable even if Respondents approve such assignment;
16. office equipment and furniture that (a) is not, in the ordinary course of business, physically located at the DSI Laredo Clinic, (b) is shared with Clinics other than the DSI Laredo Clinic, and (c) is not necessary to the Operation Of The DSI Laredo Clinic;
17. Licensed Intangible Property;
18. Respondents Medical Protocols, subject to the licensing provisions in this Order;
19. Contracts to which Respondents or their affiliates (other than the DSI Laredo Clinics) are a party and are not otherwise included in the DSI Laredo Clinic Assets; and
20. strategic planning documents that:
 - a. relate to the Operation Of A Clinic other than a DSI Laredo Clinic, and
 - b. are not located on the premises of a DSI Laredo Clinic.

R. "Governmental Approvals" means any permissions or sanctions issued by any government or governmental organization, including, but not limited to, licenses,

Decision and Order

permits, accreditations, authorizations, registrations, certifications, certificates of occupancy, and certificates of need.

- S. “Government Approvals For Continued Operation” means any Governmental Approvals, other than Government Approvals For Divestiture, that an Acquirer must have to continue to operate a DSI Laredo Clinic.
- T. “Governmental Approvals For Divestiture” means any Governmental Approvals that an Acquirer must have to own, and to initially operate, a DSI Laredo Clinic, including, but not limited to, state-issued licenses and state-issued certificates of need.
- U. “Intangible Property” means intangible property relating to the Operation Of A DSI Laredo Clinic including, but not limited to, intellectual property, software, computer programs, patents, know-how, goodwill, technology, trade secrets, technical information, marketing information, protocols, quality control information, trademarks, trade names, service marks, logos, and the modifications or improvements to such intangible property.
- V. “Laredo, TX Area” means the area in and around Laredo, TX, consisting of the following zip codes: 78040, 78041, 78043, 78044, 78045, 78046, 78067, 78076, 78344, 78360, 78361, and 78369.
- W. “Licensed Intangible Property” means intangible property licensed to Respondents from a third party relating to the Operation Of A DSI Laredo Clinic including, but not limited to, intellectual property, software, computer programs (including, but not limited to, electronic medical record systems), patents, know-how, goodwill, technology, trade secrets, technical information, marketing information, protocols, quality control information, trademarks, trade names, service marks, logos, and the

Decision and Order

modifications or improvements to such intangible property that are licensed to Respondents. (“Licensed Intangible Property” does not mean modifications and improvements to intangible property that are not licensed to Respondents.)

- X. “Medical Protocols” means medical protocols promulgated by Respondents, whether in hard copy or embedded in software, that have been in effect at any time since January 1, 2015, *provided, however*, “Medical Protocols” does not mean medical protocols adopted or promulgated, at any time, by any Physician or by any Acquirer, even if such medical protocols are identical, in whole or in part, to medical protocols promulgated by Respondents.
- Y. “Operation Of A Clinic,” and “Operation Of A DSI Laredo Clinic” mean all activities relating to the business of a Clinic, or a DSI Laredo Clinic, respectively, including, but not limited to:
1. attracting patients to such Clinic for dialysis services, providing dialysis services to patients of such Clinic, and dealing with their Physicians, including, but not limited to, services relating to hemodialysis and peritoneal dialysis;
 2. providing medical products to patients of such Clinic;
 3. maintaining the equipment on the premises of such Clinic, including, but not limited to, the equipment used in providing dialysis services to patients;
 4. purchasing supplies and equipment for such Clinic;
 5. negotiating leases for the premises of such Clinic;
 6. providing counseling and support services to patients receiving products or services from such Clinic;

Decision and Order

7. contracting for the services of medical directors for such Clinic;
 8. dealing with Payors that pay for products or services offered by such Clinic, including but not limited to, negotiating contracts with such Payors and submitting claims to such Payors; and
 9. dealing with Governmental Approvals Relating To such Clinic or that otherwise regulate the Clinic.
- Z. “Ordinary Course Of Business” means actions taken by any Person in the ordinary course of the normal day-to-day Operation Of A Clinic that is consistent with past practices of such Person in the Operation Of A Clinic, including, but not limited to past practice with respect to amount, timing, and frequency.
- AA. “Payor” means any Person that purchases, reimburses for, or otherwise pays for medical goods or services for themselves or for any other person, including, but not limited to: health insurance companies; preferred provider organizations; point of service organizations; prepaid hospital, medical, or other health service plans; health maintenance organizations; government health benefits programs; employers or other persons providing or administering self-insured health benefits programs; and patients who purchase medical goods or services for themselves.
- BB. “Person” means any natural person, partnership, corporation, association, trust, joint venture, government, government agency, or other business or legal entity.
- CC. “Physician” means a doctor of allopathic medicine (“M.D.”) or a doctor of osteopathic medicine (“D.O.”).
- DD. “Real Property” means the real property on which, or in which, the DSI Laredo Clinic is located, including

Decision and Order

real property used for parking and for other functions
Relating To the Operation Of A DSI Laredo Clinic.

- EE. “Relating To” means pertaining in any way to, and is not limited to that which pertains exclusively or primarily to.
- FF. “Remedial Agreement” means the following:
1. The Satellite Divestiture Agreement, and
 2. any agreement between a Respondent and an Acquirer, including all amendments, exhibits, attachments, and schedules thereto, related to the DSI Laredo Clinics or DSI Laredo Clinic Assets, that has been approved by the Commission to accomplish the requirements of this Order.
- GG. “Satellite Divestiture Agreement” means the following agreements:
1. the Asset Purchase Agreement dated December 16, 2015, by and among Satellite Healthcare Central States, LLC, Satellite Healthcare, Inc., Dialysis Newco, Inc., and Dialysis Holdco, LLC, and all attachments and exhibits, thereto, and
 2. the Transition Services Agreement, which is an exhibit to the Asset Purchase Agreement, by and between Dialysis Newco, Inc. and Satellite Healthcare Central States, and all attachments and exhibits, thereto.
- The Satellite Divestiture Agreement is attached as Non- Public Appendix A to this Order.
- HH. “Satellite Healthcare” means Satellite Healthcare, Inc., a corporation, organized, existing and doing business under and by virtue of the laws of the State of California with its corporate head office located at 300 Santana Row, Suite 300, San Jose, CA, 95128.

Decision and Order

Satellite Healthcare includes Satellite Healthcare Central States, LLC.

- II. “Software” means executable computer code and the documentation for such computer code, but does not mean data processed by such computer code.
- JJ. “Supplier” means any Person that has sold to Respondents any goods or services, other than Physician services, for use in a DSI Laredo Clinic.
- KK. “Texas Governmental Approvals For Divestiture” means any Governmental Approvals For Divestiture issued by the State of Texas.
- LL. “Time Of Divestiture” means the date upon which the DSI Laredo Clinics and DSI Laredo Clinic Assets are divested to an Acquirer pursuant to this Order.

II.**IT IS FURTHER ORDERED** that:

- A. Respondent US Renal Care shall:
 - 1. Within ten (10) days after the Acquisition Date, divest to Satellite Healthcare, absolutely, and in good faith, pursuant to and in accordance with the Satellite Divestiture Agreements, the DSI Laredo Clinics, and all the DSI Laredo Clinic Assets, as on-going businesses, and grant to the Acquirer a royalty-free, worldwide non-exclusive license for the use, without any limitation, of the Medical Protocols (including the right to transfer or sublicense such protocols, exclusively or nonexclusively, to others by any means). Any failure by Respondents to comply with a Remedial Agreement shall constitute a failure to comply with this Order. The Remedial Agreements shall not vary or contradict, or be construed to vary or contradict, the terms of this Order. Nothing in this

Decision and Order

Order shall reduce, or be construed to reduce, any rights or benefits of an Acquirer, or any obligations of Respondents, under the Remedial Agreements.

Provided, however, if, at the time the Commission determines to make this Order final, the Commission notifies Respondents that Satellite Healthcare, Inc. is not an acceptable Acquirer then, after receipt of such written notification: (1) Respondents shall immediately notify Satellite Healthcare, Inc. of the notice received from the Commission and shall as soon as practicable, but no later than within five (5) business days, effect the rescission of the Satellite Divestiture Agreement; and (2) Respondents shall, within six (6) months of the date Respondents receive notice of such determination from the Commission, divest the DSI Laredo Clinic Assets, as applicable, absolutely and in good faith, at no minimum price, as on-going businesses to an Acquirer or Acquirers that receive the prior approval of the Commission and only in a manner that receives the prior approval of the Commission.

Provided further, however, that if, at the time the Commission determines to make this Order final, the Commission notifies Respondents that the manner in which any of the divestitures accomplished is not acceptable, the Commission may direct Respondents, or appoint a Divestiture Trustee, to effect such modifications to the manner of divestiture including, but not limited to, entering into additional agreements or arrangements, as the Commission may determine are necessary to satisfy the requirements of this Order.

- B. Respondent US Renal Care shall not acquire DSI until it has obtained for all the DSI Laredo Clinics:
 - 1. all approvals for the assignment to the Acquirer of the rights, title, and interest to each lease for Real Property of each DSI Laredo Clinic; and

Decision and Order

2. all approvals for the assignment to the Acquirer of the DSI Laredo Clinic's Physician Contracts;
- C. Respondents shall:
1. place no restrictions on the use by any Acquirer of any of the DSI Laredo Clinic Assets to be divested to such Acquirer, or interfere with or otherwise attempt to interfere with any Acquirer's use of any of the DSI Laredo Clinic Assets to be divested to such Acquirer, including, but not limited to, seeking or requesting the imposition of Governmental Approvals or other governmental restrictions on the Acquirer's business operations relating to the DSI Laredo Clinics.
 2. cooperate with the Acquirer and assist the Acquirer, at no cost to the Acquirer.
 3. assign to the Acquirer all of the Clinic's Physician Contracts for the DSI Laredo Clinics. *Provided, however,* that (1) if the Acquirer enters into a Clinic Physician Contract for a DSI Laredo Clinic before the DSI Laredo Clinic Assets are divested pursuant to Paragraph II.A. of this Order, and (2) the Acquirer certifies its receipt of such contract and attaches it as part of the Remedial Agreement, then Respondents shall not be required to make the assignment for such DSI Laredo Clinic as required by this Paragraph.
 4. With respect to all contracts other than Clinic's Physician Contracts, at the Acquirer's option and at the Time Of Divestiture of each DSI Laredo Clinic:
 - a. if such contract can be assigned without third party approval, assign Respondents' rights under the contract to the Acquirer; and

Decision and Order

- b. if such contract can be assigned to the Acquirer only with third party approval, assist and cooperate with the Acquirer in obtaining:
 - i. such third party approval and in assigning the contract to the Acquirer, or
 - ii. a new contract.

D. Respondents shall:

- 1. at the Time Of Divestiture of each DSI Laredo Clinic, provide to the Acquirer of such Clinic contact information about Payors and Suppliers for the Clinic, and
- 2. not object to the sharing of Payor and Supplier contract terms Relating To the DSI Laredo Clinics: (i) if the Payor or Supplier consents in writing to such disclosure upon a request by the Acquirer, and (ii) if the Acquirer enters into a confidentiality agreement with Respondents not to disclose the information to any third party.

E. Respondents shall:

- 1. if requested by an Acquirer, facilitate interviews between each Designated DSI Employee and the Acquirer, and shall not discourage such employees from participating in such interviews;
- 2. not interfere in employment negotiations between each Designated DSI Employee and an Acquirer;
- 3. not prevent, prohibit or restrict or threaten to prevent, prohibit or restrict the Designated DSI Employee from being employed by an Acquirer, and shall not offer any incentive to the Designated DSI Employee to decline employment with an Acquirer;

Decision and Order

4. cooperate with an Acquirer of a DSI Laredo Clinic in effecting transfer of the Designated DSI Employee to the employ of the Acquirer, if the Designated DSI Employee accepts such offer of employment from an Acquirer;
5. eliminate any contractual provisions or other restrictions that would otherwise prevent the Designated DSI Employee from being employed by an Acquirer;
6. eliminate any confidentiality restrictions that would prevent the Designated DSI Employee who accepts employment with the Acquirer from using or transferring to an Acquirer any information Relating To the Operation Of A DSI Laredo Clinic; and
7. pay, for the benefit of any Designated DSI Employee who accepts employment with an Acquirer, all accrued bonuses, vested pensions and other accrued benefits.

Respondents shall comply with the terms of this Paragraph II.E. from the time Respondents sign the Agreement Containing Consent Order until sixty (60) days after the Time Of Divestiture of each DSI Laredo Clinic for the employees who are Designated DSI Employees .

Provided, however, that if, at any time after the Time of Divestiture, the Acquirer of the DSI Laredo Clinic Assets gives Respondents an unsolicited list of employees to whom the Acquirer does not intend to offer employment, then such employees may be hired by Respondent US Renal Care as full time employees without violating this Paragraph II.E.

Provided, further, however, that no earlier than fifteen (15) days after the Time of Divestiture, Respondents may submit a written request to the Acquirer

Decision and Order

identifying those persons to whom Respondent US Renal Care wishes to offer full time employment; and if the Acquirer within fifteen (15) days of receipt of such request grants, in writing, such request, then Respondent US Renal Care may offer employment to such employees; but if the Acquirer within fifteen (15) days of receipt of such request either: (i) chooses to hire such employees, or (ii) chooses to defer a hiring decision, then Respondents shall continue to comply with the terms of this Paragraph II.E, with regard to such employees.

- F. For a period of two (2) years following the Time Of Divestiture of each DSI Laredo Clinic, Respondent US Renal Care shall not, directly or indirectly, solicit, induce, or attempt to solicit or induce any employee who is employed by any Acquirer to terminate his or her employment relationship with such Acquirer, unless that employment relationship has already been terminated by the Acquirer; *provided, however*, Respondent US Renal Care may make general advertisements for employees including, but not limited to, in newspapers, trade publications, websites, or other media not targeted specifically at any of an Acquirer's employees; *provided, further, however*, Respondent US Renal Care may hire employees who apply for employment with Respondent US Renal Care, as long as such employees were not solicited by Respondent US Renal Care in violation of this Paragraph.
- G. With respect to each Physician who has provided services to a DSI Laredo Clinic pursuant to any of the Clinic's Physician Contracts in effect at any time during the four (4) months preceding the Time Of Divestiture of the Clinic ("Contract Physician"):
 - 1. Respondents shall not offer any incentive to the Contract Physician, the Contract Physician's practice group, or other members of the Contract Physician's practice group to decline to provide

Decision and Order

services to the DSI Laredo Clinics acquired by the Acquirer, and shall eliminate any confidentiality restrictions that would prevent the Contract Physician, the Contract Physician's practice group, or other members of the Contract Physician's practice group from using or transferring to the Acquirer of the DSI Laredo Clinics any information Relating To the Operation Of A DSI Laredo Clinic; and

2. For a period of three (3) years following the Time Of Divestiture of each DSI Laredo Clinic, Respondent US Renal Care shall not contract for the services of the Contract Physician, the Contract Physician's practice group, or other members of the Contract Physician's practice group for the provision of Contract Services. *Provided, however,* if the Contract Physician, or the Contract Physician's practice group, or other members of the Contract Physician's practice group were providing services to a Clinic, other than at any of the DSI Laredo Clinics, pursuant to a contract with Respondents in effect as of September 1, 2015, then Respondent US Renal Care may contract with such Contract Physicians, or the Contract Physician's practice group, or other members of the Contract Physician's practice group for services to be provided to that particular Clinic.

H. Respondents shall:

1. not disclose Confidential Business Information relating exclusively to any of the DSI Laredo Clinics to any Person other than the Acquirer of such Clinic; and
2. after the Time Of Divestiture of such Clinic:
 - a. shall not use Confidential Business Information relating exclusively to any of the DSI Laredo Clinics for any purpose other than complying

Decision and Order

with the terms of this Order or with any law;
and

- b. shall destroy all records of Confidential Business Information relating exclusively to any of the DSI Laredo Clinics, except to the extent that: (1) Respondents are required by law to retain such information, and (2) Respondents' inside or outside attorneys may keep one copy solely for archival purposes, but may not disclose such copy to the rest of Respondents.
- I. At the Time Of Divestiture of each DSI Laredo Clinic, Respondents shall provide the Acquirer of the Clinic with manuals, instructions, and specifications sufficient for the Acquirer to access and use any information:
- 1. divested to the Acquirer pursuant to this Order, or
 - 2. in the possession of the Acquirer, and previously used by Respondents in the Operation Of A DSI Laredo Clinic.
- J. For two (2) years following the Time Of Divestiture of each DSI Laredo Clinic, Respondent US Renal Care shall not solicit the business of any patient who received any goods or services from such Clinic between January 1, 2015, and the date of such divestiture, *Provided, however*, Respondent US Renal Care may (i) make general advertisements for the business of such patients including, but not limited to, in newspapers, trade publications, websites, or other media not targeted specifically at such patients, and (ii) provide advertising and promotions directly to any patient that initiates discussions with, or makes a request to, any Respondent US Renal Care employee.
- K. Respondents shall convey to the Acquirer of the DSI Laredo Clinics the right to use any Licensed Intangible

Decision and Order

Property (to the extent permitted by the third-party licensor), if such right is needed for the Operation Of A DSI Laredo Clinic by the Acquirer and if the Acquirer is unable, using commercially reasonable efforts, to obtain equivalent rights from other third parties on commercially reasonable terms and conditions.

- L. Respondents shall do nothing to prevent or discourage Suppliers that, prior to the Time Of Divestiture of any DSI Laredo Clinic, supplied goods and services for use in any DSI Laredo Clinic from continuing to supply goods and services for use in such Clinic.
- M. Respondents shall not terminate any transition services agreement that is a part of any Remedial Agreement before the end of the term approved by the Commission without prior approval of the Commission.
- N. The purpose of Paragraph II of this Order is to ensure the continuation of the DSI Laredo Clinics as, or as part of, an ongoing viable enterprises engaged in the same business in which such assets were engaged at the time of the announcement of the Acquisition, to ensure that the DSI Laredo Clinics are operated independently of, and in competition with, Respondents' clinics, and to remedy the lessening of competition alleged in the Commission's Complaint.

III.**IT IS FURTHER ORDERED** that:

- A. For a period of ten (10) years from the date this Order is issued, Respondent US Renal Care shall not, without providing advance written notification to the Commission in the manner described in this paragraph, directly or indirectly:

Decision and Order

1. acquire any assets of or financial interest in any Clinic located in the Laredo, TX Area; or
2. enter into any contract to participate in the management or Operation Of A Clinic located in the Laredo, TX area, except to the extent that the contract relates exclusively to:
 - a. off-site lab services or social worker support materials; or
 - b. billing services, collection services, bookkeeping services, accounting services, supply purchasing and logistics services, or the preparation of financial reports and accounts receivable reports (collectively “Such Services”), where appropriate firewalls and confidentiality agreements are implemented to prevent Confidential Business Information of the Clinic from being disclosed to anyone participating in any way in the operation or management of any Clinic owned by Respondent US Renal Care or any Clinic other than the Clinic to which Such Services are being provided.

Said advance written notification shall contain (i) either a detailed term sheet for the proposed acquisition or the proposed agreement with all attachments, and (ii) documents that would be responsive to Item 4(c) of the Premerger Notification and Report Form under the Hart-Scott-Rodino Premerger Notification Act, Section 7A of the Clayton Act, 15 U.S.C. § 18a, and Rules, 16 C.F.R. § 801-803, Relating To the proposed transaction (hereinafter referred to as “the Notification”). *Provided, however,* (i) no filing fee will be required for the Notification, (ii) an original and one copy of the Notification shall be filed only with the Secretary of the Commission and need not be submitted to the United States Department of Justice, and (iii) the Notification is required from

Decision and Order

Respondent US Renal Care and not from any other party to the transaction. Respondent US Renal Care shall provide the Notification to the Commission at least thirty (30) days prior to consummating the transaction (hereinafter referred to as the “first waiting period”). If, within the first waiting period, representatives of the Commission make a written request for additional information or documentary material (within the meaning of 16 C.F.R. § 803.20), Respondent US Renal Care shall not consummate the transaction until thirty days after submitting such additional information or documentary material. Early termination of the waiting periods in this paragraph may be requested and, where appropriate, granted by letter from the Bureau of Competition.

Provided, however, that prior notification shall not be required by this paragraph for a transaction for which Notification is required to be made, and has been made, pursuant to Section 7A of the Clayton Act, 15 U.S.C. § 18a.

IV.**IT IS FURTHER ORDERED** that:

- A. At any time after the Respondents sign the Consent Agreement in this matter, the Commission may appoint a Monitor to assure that the Respondents expeditiously comply with all of their obligations and perform all of their responsibilities as required by this Order, and the Remedial Agreements.
- B. The Commission shall select the Monitor, subject to the consent of Respondent US Renal Care, which consent shall not be unreasonably withheld. If Respondent US Renal Care has not opposed, in writing, including the reasons for opposing, the selection of a proposed Monitor within ten (10) days after notice by the staff of the Commission to Respondent US Renal Care of the identity of any

Decision and Order

proposed Monitor, Respondent US Renal Care shall be deemed to have consented to the selection of the proposed Monitor.

- C. Not later than ten (10) days after appointment of a Monitor, Respondent US Renal Care shall execute an agreement that, subject to the prior approval of the Commission, confers on the Monitor all the rights and powers necessary to permit the Monitor to monitor Respondent US Renal Care's compliance with the terms of this Order, and the Remedial Agreements in a manner consistent with the purposes of this Order.
- D. Respondents shall consent to the following terms and conditions regarding the powers, duties, authorities, and responsibilities of the Monitor:
 - 1. The Monitor shall have the power and authority to monitor Respondents' compliance with the terms of this Order, and the Remedial Agreements, and shall exercise such power and authority and carry out the duties and responsibilities of the Monitor in a manner consistent with the purposes of this Order and in consultation with the Commission, including, but not limited to:
 - a. Assuring that Respondents expeditiously comply with all obligations and perform all responsibilities as required by the this Order, and the Remedial Agreements;
 - b. Monitoring any transition services agreements;
 - c. Assuring that Confidential Business Information is not received or used by Respondents or the Acquirers, except as allowed in this Order.
 - 2. The Monitor shall act in a fiduciary capacity for the benefit of the Commission.

Decision and Order

3. The Monitor shall serve for such time as is necessary to monitor Respondents' compliance with the provisions of this Order, and the Remedial Agreements.
4. Subject to any demonstrated legally recognized privilege, the Monitor shall have full and complete access to Respondents' personnel, books, documents, records kept in the Ordinary Course Of Business, facilities and technical information, and such other relevant information as the Monitor may reasonably request, related to Respondents' compliance with their obligations under this Order, and the Remedial Agreements. Respondents shall cooperate with any reasonable request of the Monitor and shall take no action to interfere with or impede the Monitor's ability to monitor Respondents' compliance with this Order, and the Remedial Agreements.
5. The Monitor shall serve, without bond or other security, at the expense of Respondent US Renal Care on such reasonable and customary terms and conditions as the Commission may set. The Monitor shall have authority to employ, at the expense of Respondent US Renal Care, such consultants, accountants, attorneys and other representatives and assistants as are reasonably necessary to carry out the Monitor's duties and responsibilities. The Monitor shall account for all expenses incurred, including fees for services rendered, subject to the approval of the Commission.
6. Respondent US Renal Care shall indemnify the Monitor and hold the Monitor harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the Monitor's duties, including all reasonable fees of counsel and other reasonable expenses incurred in connection with the

Decision and Order

preparations for, or defense of, any claim, whether or not resulting in any liability, except to the extent that such losses, claims, damages, liabilities, or expenses result from malfeasance, gross negligence, willful or wanton acts, or bad faith by the Monitor.

7. Respondent US Renal Care shall report to the Monitor in accordance with the requirements of this Order and/or as otherwise provided in any agreement approved by the Commission. The Monitor shall evaluate the reports submitted to the Monitor by Respondent US Renal Care, and any reports submitted by the Acquirer with respect to the performance of Respondents' obligations under this Order, and the Remedial Agreements.
 8. Within one (1) month from the date the Monitor is appointed pursuant to this paragraph, every sixty (60) days thereafter, and otherwise as requested by the Commission, the Monitor shall report in writing to the Commission concerning performance by Respondents of their obligations under this Order, and the Remedial Agreements.
 9. Respondents may require the Monitor and each of the Monitor's consultants, accountants, attorneys, and other representatives and assistants to sign a customary confidentiality agreement; *provided, however*, such agreement shall not restrict the Monitor from providing any information to the Commission.
- E. The Commission may, among other things, require the Monitor and each of the Monitor's consultants, accountants, attorneys, and other representatives and assistants, to sign an appropriate confidentiality agreement relating to Commission materials and information received in connection with the performance of the Monitor's duties.

Decision and Order

- F. If the Commission determines that the Monitor has ceased to act or failed to act diligently, the Commission may appoint a substitute Monitor in the same manner as provided in this Paragraph IV.
- G. The Commission may on its own initiative, or at the request of the Monitor, issue such additional orders or directions as may be necessary or appropriate to assure compliance with the requirements of this Order, and the Remedial Agreements.
- H. A Monitor appointed pursuant to this Order may be the same Person appointed as a Trustee pursuant to Paragraph V of this Order.

V.**IT IS FURTHER ORDERED** that:

- A. If Respondent US Renal Care has not divested, absolutely and in good faith and with the Commission's prior approval all of the DSI Laredo Clinic Assets pursuant to Paragraph II of this Order, the Commission may appoint a Divestiture Trustee ("Trustee") to divest any of the DSI Laredo Clinic Assets that have not been divested pursuant to Paragraph II of this Order in a manner that satisfies the requirements of Paragraph II of this Order. In the event that the Commission or the Attorney General brings an action pursuant to § 5(l) of the Federal Trade Commission Act, 15 U.S.C. § 45(l), or any other statute enforced by the Commission, Respondent US Renal Care shall consent to the appointment of a Trustee in such action to divest the relevant assets in accordance with the terms of this Order. Neither the appointment of a Trustee nor a decision not to appoint a Divestiture Trustee under this Paragraph shall preclude the Commission or the Attorney General from seeking civil penalties or any other relief available to it, including a court-appointed Trustee, pursuant to § 5(l) of the Federal Trade Commission

Decision and Order

Act, or any other statute enforced by the Commission, for any failure by Respondent US Renal Care to comply with this Order.

- B. The Commission shall select the Trustee, subject to the consent of Respondent US Renal Care, which consent shall not be unreasonably withheld. The Trustee shall be a Person with experience and expertise in acquisitions and divestitures. If Respondent US Renal Care has not opposed, in writing, including the reasons for opposing, the selection of any proposed Trustee within ten (10) days after receipt of notice by the staff of the Commission to Respondent US Renal Care of the identity of any proposed Trustee, Respondent US Renal Care shall be deemed to have consented to the selection of the proposed Trustee.
- C. Within ten (10) days after the appointment of a Trustee, Respondent US Renal Care shall execute an agreement that, subject to the prior approval of the Commission, transfers to the Trustee all rights and powers necessary to permit the Trustee to effect the divestitures required by this Order.
- D. If a Trustee is appointed by the Commission or a court pursuant to this Order, Respondent US Renal Care shall consent to the following terms and conditions regarding the Trustee's powers, duties, authority, and responsibilities:
 - 1. Subject to the prior approval of the Commission, the Trustee shall have the exclusive power and authority to divest any of the DSI Laredo Clinic Assets that have not been divested pursuant to Paragraph II of this Order.
 - 2. The Trustee shall have twelve (12) months from the date the Commission approves the trust agreement described herein to accomplish the divestiture, which shall be subject to the prior approval of the Commission. If, however, at the

Decision and Order

end of the twelve (12) month period, the Trustee has submitted a divestiture plan or the Commission believes that the divestiture can be achieved within a reasonable time, the divestiture period may be extended by the Commission; *provided, however*, the Commission may extend the divestiture period only two (2) times.

3. Subject to any demonstrated legally recognized privilege, the Trustee shall have full and complete access to the personnel, books, records, and facilities related to the relevant assets that are required to be divested by this Order and to any other relevant information, as the Trustee may request. Respondent US Renal Care shall develop such financial or other information as the Trustee may request and shall cooperate with the Trustee. Respondent US Renal Care shall take no action to interfere with or impede the Trustee's accomplishment of the divestiture. Any delays in divestiture caused by Respondent US Renal Care shall extend the time for divestiture under this Paragraph V in an amount equal to the delay, as determined by the Commission or, for a court-appointed Trustee, by the court.
4. The Trustee shall use commercially reasonable best efforts to negotiate the most favorable price and terms available in each contract that is submitted to the Commission, subject to Respondent US Renal Care's absolute and unconditional obligation to divest expeditiously and at no minimum price. The divestiture shall be made in the manner that receives the prior approval of the Commission and to an Acquirer or Acquirers that receive the prior approval of the Commission, as required by this Order; *provided, however*, if the Trustee receives bona fide offers for particular assets from more than one acquiring entity, and if the Commission determines to approve more than one such acquiring entity for such assets, the

Decision and Order

Trustee shall divest the assets to the acquiring entity selected by Respondent US Renal Care from among those approved by the Commission; *provided, further, however*, that Respondent US Renal Care shall select such entity within five (5) days of receiving notification of the Commission's approval.

5. The Trustee shall serve, without bond or other security, at the cost and expense of Respondent US Renal Care, on such reasonable and customary terms and conditions as the Commission or a court may set. The Trustee shall have the authority to employ, at the cost and expense of Respondent US Renal Care, such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the Trustee's duties and responsibilities. The Trustee shall account for all monies derived from the divestiture and all expenses incurred. After approval by the Commission and, in the case of a court-appointed Trustee, by the court, of the account of the Trustee, including fees for the Trustee's services, all remaining monies shall be paid at the direction of Respondent US Renal Care, and the Trustee's power shall be terminated. The compensation of the Trustee shall be based at least in significant part on a commission arrangement contingent on the divestiture of all of the relevant assets that are required to be divested by this Order.
6. Respondent US Renal Care shall indemnify the Trustee and hold the Trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the Trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of, any claim, whether or not resulting in any liability, except to the extent that such losses,

Decision and Order

claims, damages, liabilities, or expenses result from malfeasance, gross negligence, willful or wanton acts, or bad faith by the Trustee.

7. The Trustee shall have no obligation or authority to operate or maintain the relevant assets required to be divested by this Order.
 8. The Trustee shall report in writing to Respondent US Renal Care and to the Commission every sixty (60) days concerning the Trustee's efforts to accomplish the divestiture.
 9. Respondent US Renal Care may require the Trustee and each of the Trustee's consultants, accountants, attorneys, and other representatives and assistants to sign a customary confidentiality agreement; *provided, however*, such agreement shall not restrict the Trustee from providing any information to the Commission.
- E. If the Commission determines that a Trustee has ceased to act or failed to act diligently, the Commission may appoint a substitute Trustee in the same manner as provided in this Paragraph V.
- F. The Commission or, in the case of a court-appointed Trustee, the court, may on its own initiative or at the request of the Trustee issue such additional orders or directions as may be necessary or appropriate to accomplish the divestiture required by this Order.
- G. The Trustee appointed pursuant to this Paragraph may be the same Person appointed as the Monitor pursuant to the relevant provisions of this Order.

Decision and Order

VI.**IT IS FURTHER ORDERED** that:

- A. From the date Respondents sign the Consent Agreement until the Time of Divestiture, Respondents shall:
1. Maintain each of the DSI Laredo Clinics and all DSI Laredo Clinic Assets in substantially the same condition (except for normal wear and tear) as they existed at the time Respondents sign the Consent Agreement;
 2. Take such actions that are consistent with the past practices of Respondent DSI in connection with each DSI Laredo Clinic and all the DSI Laredo Clinic Assets, and that are taken in the ordinary course of business and in the normal day-to-day operations of the DSI Laredo Clinics;
 3. Keep available the services of the current officers, employees, and agents of Respondent DSI; and maintain the relations and goodwill with suppliers, Payors, physicians, landlords, patients, employees, agents, and others having business relations with the DSI Laredo Clinics and the DSI Laredo Clinic Assets;
 4. Preserve the DSI Laredo Clinics and DSI Laredo Clinic Assets as ongoing businesses and not take any affirmative action, or fail to take any action within Respondents' control, as a result of which the viability, competitiveness, and marketability of the DSI Laredo Clinics and DSI Laredo Clinic Assets would be diminished; and
 5. Not object to sharing with the Acquirer the payor and supplier contract terms relating to the DSI Laredo Clinic Assets: (i) if the payor or supplier consents in writing to such disclosure upon a

Decision and Order

request by the Acquirer, and (ii) if the Acquirer enters into a confidentiality agreement with Respondents not to disclose the information to any third party.

- B. The purposes of this Paragraph VI are to: (1) preserve the DSI Laredo Clinics as viable, competitive, and ongoing businesses until the Time of Divestiture, (2) prevent interim harm to competition pending the relevant divestitures and other relief, and (3) help remedy any anticompetitive effects of the Acquisition as alleged in the Commission's Complaint.

VII.**IT IS FURTHER ORDERED** that:

- A. Beginning thirty (30) days after the date this Order is issued, and every sixty (60) days thereafter until Respondent US Renal Care has fully complied with Paragraphs II.A., II.B., II.C., II.D., II.E., II.I., and II.K. of this Order, Respondent US Renal Care 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 the terms of this Order, and the Remedial Agreement. Respondent US Renal Care shall submit at the same time a copy of these reports to the Monitor if a Monitor is appointed pursuant to Paragraph IV.
- B. Beginning twelve (12) months after the date this Order is issued, and annually thereafter on the anniversary of the date this Order becomes final, for the next four (9) years, Respondent US Renal Care shall submit to the Commission verified written reports setting forth in detail the manner and form in which it is complying and has complied with this Order, and the Remedial Agreements. Respondent US Renal Care shall submit at the same time a copy of these reports to the Monitor if a monitor is appointed pursuant to Paragraph IV.

Decision and Order

VIII.

IT IS FURTHER ORDERED that Respondent US Renal Care shall notify the Commission at least thirty (30) days prior to:

- A. Any proposed dissolution of Respondent US Renal Care,
- B. Any proposed acquisition, merger or consolidation of Respondent US Renal Care, or
- C. Any other change in Respondent US Renal Care that may affect compliance obligations arising out of this Order, including but not limited to assignment, the creation or dissolution of subsidiaries, or any other change in Respondent US Renal Care.

IX.

IT IS FURTHER ORDERED that, for the purpose of determining or securing compliance with this Order, and subject to any legally recognized privilege, and upon written request with reasonable notice to Respondents, Respondents shall permit any duly authorized representative of the Commission:

- A. Access, during office hours of Respondents and in the presence of counsel, to all facilities and access to inspect and copy all books, ledgers, accounts, correspondence, memoranda, and all other records and documents in the possession or under the control of Respondents related to compliance with this Order, which copying services shall be provided by Respondents at the request of the authorized representative(s) of the Commission and at the expense of the Respondents; and
- B. Upon five (5) days' notice to Respondents and without restraint or interference from Respondents, to interview officers, directors, or employees of Respondents, who may have counsel present, regarding such matters.

Analysis to Aid Public Comment

X.

IT IS FURTHER ORDERED that this Order shall terminate on March 17, 2026.

By the Commission.

Non-Public Appendix A**Satellite Divestiture Agreement**

**[Redacted From the Public Record Version, But Incorporated
By Reference]**

**ANALYSIS OF CONSENT ORDER TO AID PUBLIC
COMMENT**

The Federal Trade Commission (“Commission”) has accepted, subject to final approval, an Agreement Containing Consent Orders (“Consent Agreement”) from Rangers Renal Holdings LP (“Rangers Holdings”), the parent of US Renal Care, Inc. (“USRC”), and Dialysis Holdco, LLC (“Dialysis Holdco”), the parent of Dialysis Newco, Inc. d/b/a DSI Renal (“DSI”). The purpose of the Consent Agreement is to remedy the anticompetitive effects resulting from Rangers Holdings’ purchase of Dialysis Parent, LLC (“Dialysis Parent”). Dialysis Parent is the parent of Dialysis Holdco. Under the terms of the Consent Agreement, USRC is required to divest DSI’s three dialysis clinics in Laredo, Texas.

Analysis to Aid Public Comment

The Consent Agreement has been placed on the public record for 30 days to solicit comments from interested persons. Comments received during this period will become part of the public record. After 30 days, the Commission will again review the Consent Agreement and the comments received, and will decide whether it should withdraw from the Consent Agreement, modify it, or make final the Decision and Order (“Order”).

The Transaction

Pursuant to an agreement dated August 21, 2015, Rangers Holdings proposes to acquire all of the outstanding membership interest in Dialysis Holdco from Dialysis Parent in a transaction valued at approximately \$640 million. Dialysis Parent is currently the sole owner of all membership interests in Dialysis Holdco. The Commission’s Complaint alleges that the proposed acquisition, 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, by substantially lessening competition in one market—Laredo, Texas—for the provision of outpatient dialysis services.

The Parties

Privately owned and headquartered in Plano, Texas, USRC is the third-largest provider of outpatient dialysis services in the United States. USRC operates more than 200 outpatient dialysis clinics in 20 states and treats approximately 15,500 patients.

DSI, headquartered in Nashville, Tennessee, is a privately held company and the sixth-largest provider of outpatient dialysis services in the United States. DSI operates 100 dialysis centers, providing dialysis services to approximately 7,500 patients in 22 states.

The Relevant Product and Structure of the Markets

Outpatient dialysis services is the relevant product market in which to assess the effects of the proposed transaction. For patients suffering from End Stage Renal Disease (“ESRD”), dialysis treatments are a life-sustaining therapy that replaces the

Analysis to Aid Public Comment

function of the kidneys by removing toxins and excess fluid from the blood. Most ESRD patients receive dialysis treatment three times per week in sessions lasting between three and five hours. Kidney transplantation is the only alternative to dialysis for ESRD patients. However, the wait-time for donor kidneys – during which ESRD patients must receive dialysis treatments – can exceed five years. Additionally, many ESRD patients are not viable transplant candidates. As a result, ESRD patients have no alternative to dialysis treatments. ESRD patients who are not hospitalized must obtain dialysis treatments from outpatient dialysis clinics.

Dialysis services are provided in local geographic markets limited by the distance ESRD patients are able to travel to receive treatments. ESRD patients are often very ill and suffer from multiple health problems, making travel further than 30 miles or 30 minutes very difficult. As a result, competition among dialysis clinics occurs at a local level, corresponding to metropolitan areas or subsets thereof. The exact contours of each market vary depending on traffic patterns, local geography, and the patient's proximity to the nearest center.

Entry

Entry into the outpatient dialysis services markets identified in the Commission's Complaint is not likely to occur in a timely manner at a level sufficient to deter or counteract the likely anticompetitive effects of the proposed transaction. The primary barrier to entry is the difficulty associated with locating nephrologists with established patient pools to serve as medical directors. By law, each dialysis clinic must have a nephrologist medical director. As a practical matter, medical directors are also essential to the success of a clinic because they are the primary source of referrals. In the relevant geographic market, there are few unencumbered nephrologists and few outside nephrologists willing to move into the area. These obstacles make entry in the affected market more challenging and less likely to avert the anticompetitive effects of the transaction.

Analysis to Aid Public Comment

Effects of Acquisition

The geographic market identified in the Complaint is highly concentrated. The proposed acquisition would cause the number of providers to drop from three to two in this market leaving USRC with a dominant position in Laredo, Texas. The post-acquisition HHI for this market exceeds 4000, and the change in HHI is more than 1200. The evidence shows that health insurance companies and other private payers who pay for dialysis services used by their members benefit from direct competition between USRC and DSI when negotiating rates charged by dialysis providers in this market. The high post-acquisition concentration level, along with the elimination of USRC's and DSI's head-to-head competition suggest the proposed combination likely would result in higher prices for outpatient dialysis services in this geographic market. In addition, the evidence shows that market participants compete for patients on a number of quality measures—including quality of facilities, wait times, operating hours, and location. Given the high post-acquisition concentration level, the proposed combination would likely result in diminished service and quality for patients in Laredo, Texas.

The Consent Agreement

The Consent Agreement remedies the proposed acquisition's anticompetitive effects in the Laredo, Texas market by requiring USRC to divest DSI's three outpatient dialysis clinics to Satellite Healthcare Inc. ("Satellite").

As part of these divestitures, USRC is required to obtain the agreement of the medical director affiliated with the divested clinics to continue providing physician services after the transfer of ownership to the buyer. Similarly, the Consent Agreement requires USRC to obtain the consent of all lessors necessary to assign the leases for the real property associated with the divested clinics to the buyer. These provisions ensure that the buyer will have the assets necessary to operate the divested clinics in a competitive manner.

The Consent Agreement contains several additional provisions designed to ensure that the divestitures are successful. First, the

Analysis to Aid Public Comment

Consent Agreement provides the buyer with the opportunity to interview and hire employees affiliated with the divested clinics and prevents USRC from offering these employees incentives to decline the buyer's offer of employment. This will ensure that the buyer has access to patient care and supervisory staff who are familiar with the clinics' patients and the local physicians. Second, the Consent Agreement prevents USRC from contracting with the medical director affiliated with the divested clinics for three years. This provides the buyer with sufficient time to build goodwill and a working relationship with its medical director before USRC can attempt to capitalize on DSI's prior relationship in soliciting his services. Third, to ensure continuity of patient care and records as the buyer implements its quality care, billing, and supply systems, the Consent Agreement requires USRC to provide transition services for a period up to 12 months. Firewalls and confidentiality agreements have been established to ensure that competitively sensitive information is not exchanged. Fourth, the Consent Agreement requires USRC to provide the buyer with a license to use USRC's policies, procedures, and medical protocols, as well as the option to obtain USRC's medical protocols, which will further enhance the buyer's ability to continue to care for patients in the clinics that will be divested. The Consent Agreement requires USRC to provide notice to the Commission prior to any acquisitions of dialysis clinics in the market addressed by the Consent Agreement in order to ensure that subsequent acquisitions do not adversely impact competition in that market or undermine the remedial goals of the proposed order. Finally, the Consent Agreement allows the Commission to appoint a monitor to oversee USRC's compliance with the Consent Agreement.

The Commission is satisfied that Satellite is a qualified acquirer of the divested assets. Satellite is currently a significant operator of dialysis clinics, operating over 70 outpatient and home dialysis clinics since 1973.

The purpose of this analysis is to facilitate public comment on the Consent Agreement, and it is not intended to constitute an official interpretation of the proposed Decision and Order or the Order to Maintain Assets, or to modify their terms in any way.

Complaint

IN THE MATTER OF

ORACLE CORPORATIONCONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF
SECTION 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket No. C-4571; File No. 132 3115
Complaint, March 28, 2016 – Decision, March 28, 2016

This consent order addresses Oracle Corporation’s failure to inform consumers that Java SE updates automatically removed only the most recent prior iteration of Java SE installed on the consumer’s computer, even if the consumer had multiple iterations of Java SE installed, and that the update would not remove any iteration released prior to Java SE iteration 6 update 10. The complaint alleges that Oracle violated Section 5(a) of the FTC Act by failing to make such disclosure and left some consumers vulnerable to a serious, well-known, and reasonably foreseeable security risk that attackers would target these computers through exploit kits, resulting in the theft of personal information. The consent order prohibits Oracle from misrepresenting (1) the privacy or security of the covered software on a consumer’s computer, including but not limited to the effect on privacy or security of any installation or update of the covered software; and (2) how to uninstall older iterations of the covered software.

Participants

For the *Commission*: *Andrea V. Arias* and *Jacqueline K. Connor*.

For the *Respondent*: *Jonathan Cedarbaum, D. Reed Freeman, Jr., Jamie Gorelick, Quentin Palfrey, and Benjamin Powell, Wilmer Cutler Pickering Hale and Dorr LLP.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Oracle Corporation has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Oracle Corporation (“Oracle”) is a Delaware corporation with its principal office or place of business at 500 Oracle Parkway, Redwood City, California 94065.