

Complaint

IN THE MATTER OF

**UNDERGROUND SPORTS INC.,
HOCKEY UNDERGROUND INC.,
IPUCK INC.,
IPUCK HOCKEY INC.,
ALL D/B/A
PATRIOT PUCK
AND
GEORGE STATLER III**

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

*Docket No. C-4674; File No. 182 3113
Complaint, April 16, 2019 – Decision, April 16, 2019*

This consent order addresses Underground Sports Inc.’s, Hockey Underground Inc.’s, Ipuck Inc.’s and IPuck Hockey Inc.’s marketing, sale, and distribution of hockey pucks with claims that the pucks are made in the United States. The complaint alleges that Respondents violated Section 5 of the Federal Trade Commission Act by representing that all of their hockey pucks are all or virtually all made in the United States when, in fact, Respondents’ hockey pucks are wholly imported from China.. The consent order prohibits Respondents from making U.S.-origin claims for their products unless either: (1) the final assembly or processing of the product occurs in the United States, all significant processing that goes into the product occurs in the United States, and all or virtually all ingredients or components of the product are made and sourced in the United States; (2) a clear and conspicuous qualification appears immediately adjacent to the representation that accurately conveys the extent to which the product contains foreign parts, ingredients or components, and/or processing; or (3) for a claim that a product is assembled in the United States, the product is last substantially transformed in the United States, the product’s principal assembly takes place in the United States, and United States assembly operations are substantial.

Participants

For the *Commission*: *Julia Solomon Ensor.*

For the *Respondents*: *Edward L. Rose, Esq., procurator litis*

COMPLAINT

The Federal Trade Commission, having reason to believe that Underground Sports Inc., a corporation; Hockey Underground Inc., a corporation; Ipuck Inc., a corporation; Ipuck Hockey Inc., a corporation; and George Statler III, individually and as an officer of Underground Sports Inc., Hockey Underground Inc., Ipuck Inc., and Ipuck Hockey Inc. (collectively, “Respondents”), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

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1. Respondent Underground Sports Inc. (“Underground Sports”), also doing business as Patriot Puck, is a New York corporation with its principal office or place of business at 145 Milbar Blvd., Farmingdale, NY 11735.

2. Respondent Hockey Underground Inc. (“Hockey Underground”), also doing business as Patriot Puck, is a New York corporation with its principal office or place of business at 145 Milbar Blvd., Farmingdale, NY 11735.

3. Respondent Ipuck Inc. (“Ipuck”), also doing business as Patriot Puck, is a New York corporation with its principal office or place of business at 145 Milbar Blvd., Farmingdale, NY 11735.

4. Respondent Ipuck Hockey Inc. (“Ipuck Hockey”), also doing business as Patriot Puck, is a New York corporation with its principal office or place of business at 145 Milbar Blvd., Farmingdale, NY 11735.

5. Respondent George Statler III (“Statler”) is an officer of Underground Sports, Hockey Underground, Ipuck, and Ipuck Hockey. Individually or in concert with others, he controlled or had the authority to control, or participated in the acts and practices of Underground Sports, Hockey Underground, Ipuck, and Ipuck Hockey, including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of Underground Sports, Hockey Underground, Ipuck, and Ipuck Hockey.

6. Respondents Underground Sports, Hockey Underground, Ipuck, and Ipuck Hockey (collectively, “Corporate Respondents”) have operated as a common enterprise while engaging in the unlawful acts and practices alleged below. Respondents have conducted the business practices described below through an interrelated network of companies that have common ownership, officers, managers, business functions, employees, and office locations, and that commingled funds. Because these Corporate Respondents have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Respondent Statler has formulated, directed, controlled, or had the authority to control, or participated in the acts and practices of the common enterprise alleged in this complaint.

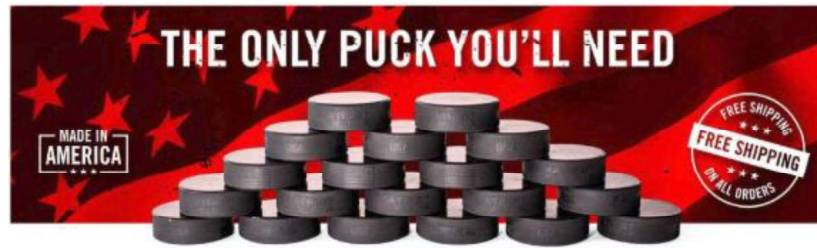
7. Respondents have advertised, labeled, offered for sale, sold, and distributed hockey pucks to consumers. Respondents advertise these hockey pucks online, including, but not limited to, on their website, patriotpuck.com. Respondents offer for sale, sell, and distribute their hockey pucks throughout the United States.

8. The acts and practices of Respondents alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

9. Respondents have disseminated or have caused to be disseminated advertisements, packaging, and promotional materials for hockey pucks, including, but not necessarily limited to, the attached Exhibits A-E. These materials contain the following statements and depictions:

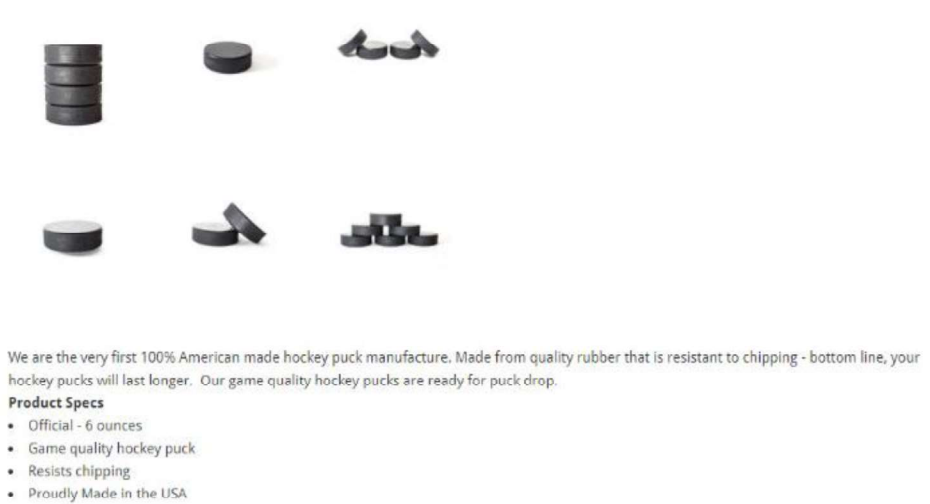
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a. “MADE IN AMERICA”



(Exhibit A, Patriot Puck website);

b. “Proudly Made in the USA”



(Exhibit B, Patriot Puck website);

c. “100% Made in the USA!” “100% American Made! #AmericanMade #HockeyPuck #USA #Hockey www.patriotpuck.com”

(Exhibit C, Patriot Puck Facebook posting);

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- d. “The only American Made Hockey Puck!”



(Exhibit D, Patriot Puck Facebook posting); and

- e. “Our #HockeyPuck is 100% Made in the USA! #MadeInAmerica #NHL #Hockey #PatriotPuck” “MADE IN U.S.A PRODUCT”



(Exhibit E, Patriot Puck Facebook posting).

10. In numerous instances, including, but not limited to, the promotional materials referenced in Paragraph 9, Respondents have represented, expressly or by implication, that their hockey pucks are all or virtually all made in the United States.

11. In fact, in numerous of these instances, Respondents' hockey pucks are wholly imported from China. Specifically, since January of 2016, Respondents have imported 74,411 kilograms of hockey pucks, which is the equivalent of more than 400,000 standard-weight pucks.

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12. Therefore, Respondents' express or implied representations that their hockey pucks are made in the United States are false or unsubstantiated.

COUNT I
(False or Unsubstantiated Representation – Made in USA)

13. In connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of their products, Respondents have represented, directly or indirectly, expressly or by implication, that their hockey pucks are all or virtually all made in the United States.

14. In fact, in numerous of these instances, Respondents' hockey pucks are wholly imported. Therefore, the representation set forth in Paragraph 13 is false or misleading, or was not substantiated at the time the representation was made.

VIOLATION OF SECTION 5

15. The acts and practices of Respondents as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this sixteenth day of April, 2019, has issued this Complaint against Respondents.

By the Commission.

Complaint

Exhibit A

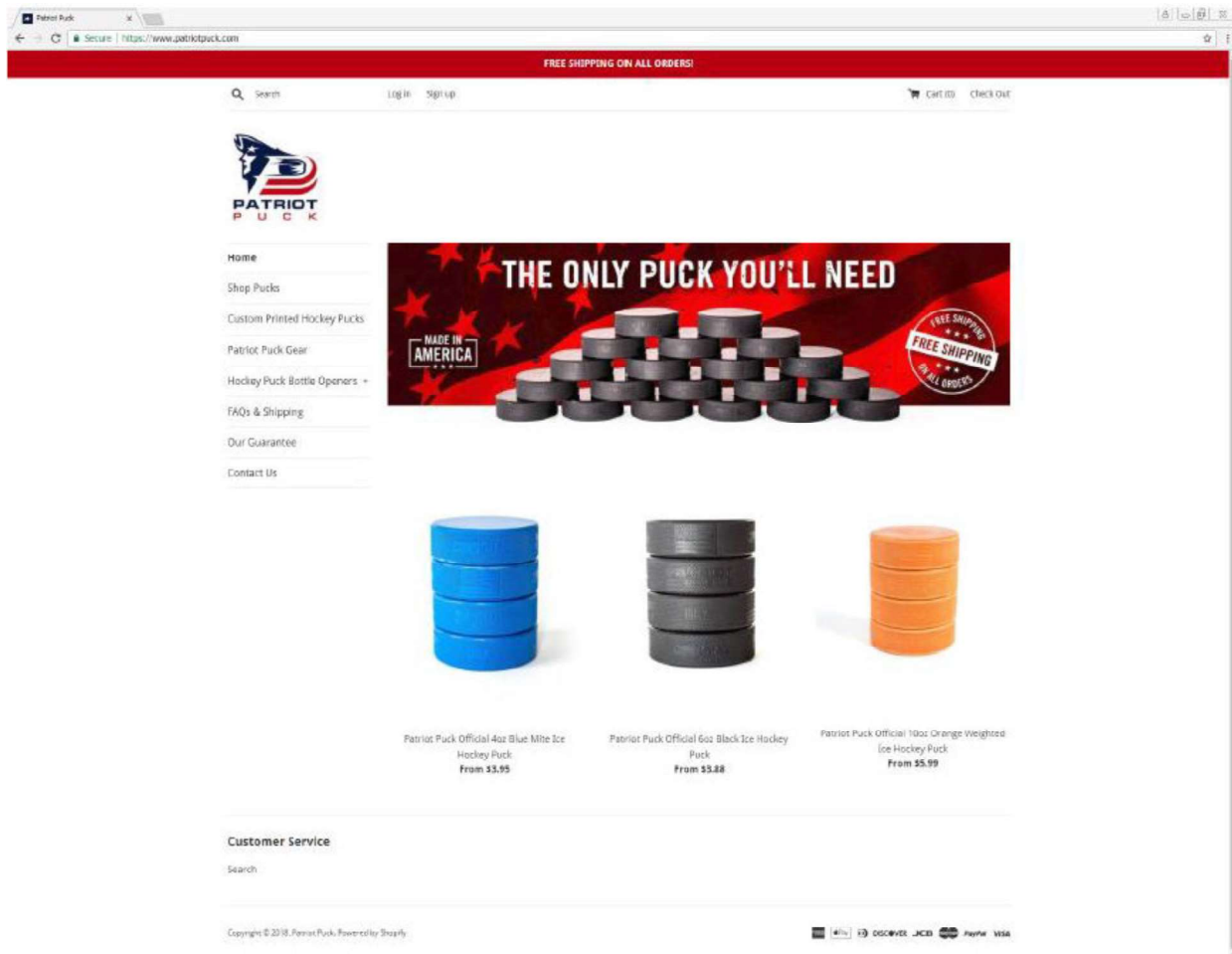


Exhibit A

Complaint

Exhibit B

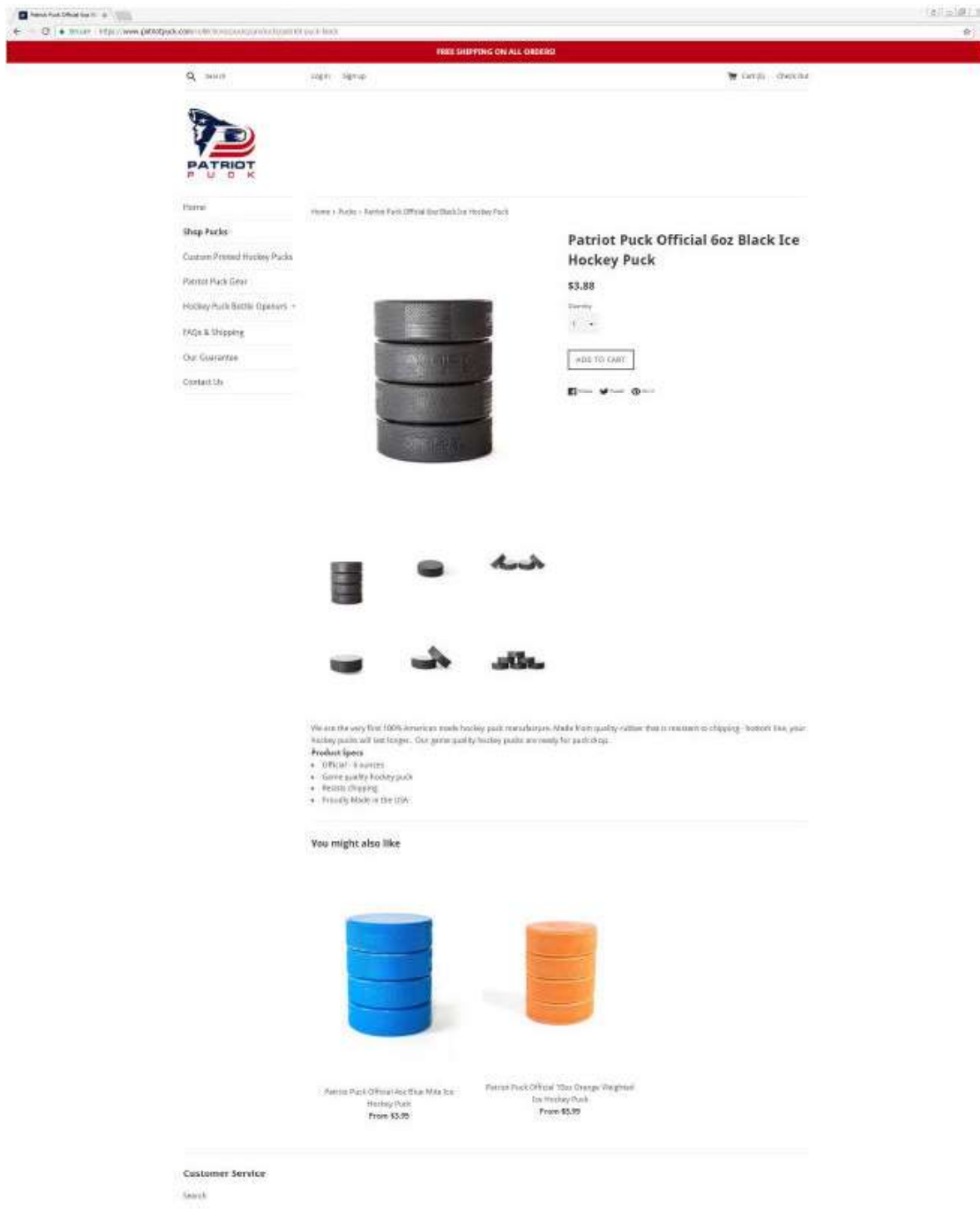


Exhibit B

Complaint

11/11/2019 10:10:10 AM 11/11/2019 10:10:10 AM

11/11/2019 10:10:10 AM 11/11/2019 10:10:10 AM

Exhibit B

Complaint

Exhibit C

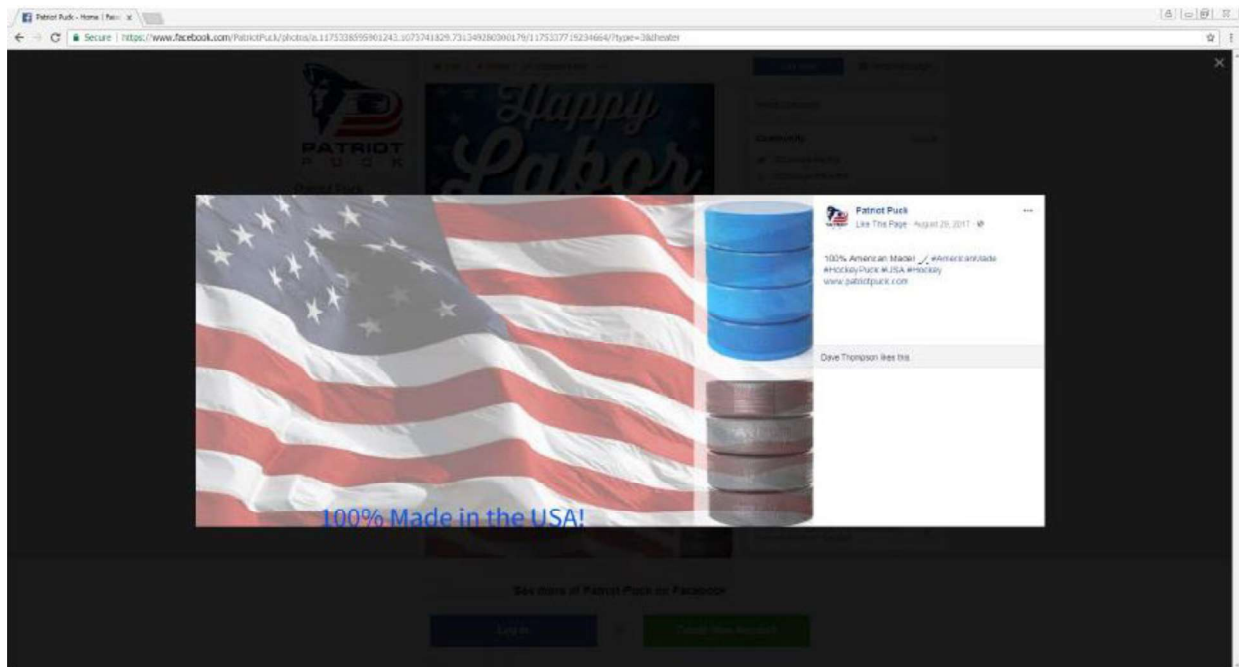


Exhibit C

Complaint

Exhibit D

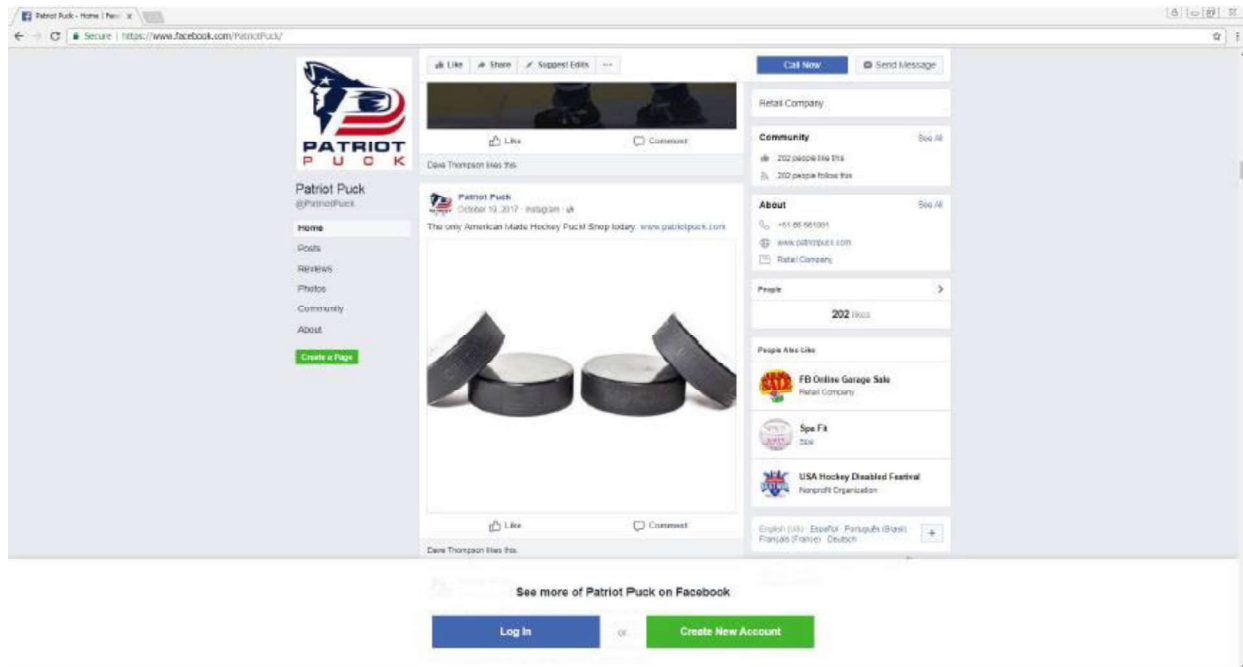


Exhibit D

Complaint

Exhibit E



Exhibit E

Decision and Order

DECISION

The Federal Trade Commission (“Commission”) initiated an investigation of certain acts and practices of the Respondents named in the caption. The Commission’s Bureau of Consumer Protection (“BCP”) prepared and furnished to Respondents a draft Complaint. BCP proposed to present the draft Complaint to the Commission for its consideration. If issued by the Commission, the draft Complaint would charge the Respondents with violations of the Federal Trade Commission Act.

Respondents and BCP thereafter executed an Agreement Containing Consent Order (“Consent Agreement”). The Consent Agreement includes: 1) statements by Respondents that they neither admit nor deny any of the allegations in the Complaint, except as specifically stated in this Decision and Order, and that only for purposes of this action, they admit the facts necessary to establish jurisdiction; and 2) waivers and other provisions as required by the Commission’s Rules.

The Commission considered the matter and determined that it had reason to believe that Respondents have violated the Federal Trade Commission Act, and that a Complaint should issue stating its charges in that respect. The Commission accepted the executed Consent Agreement and placed it on the public record for a period of 30 days for the receipt and consideration of public comments. The Commission duly considered any comments received from interested persons pursuant to Section 2.34 of its Rules, 16 C.F.R. § 2.34. Now, in further conformity with the procedure prescribed in Rule 2.34, the Commission issues its Complaint, makes the following Findings, and issues the following Order:

Findings

1. The Respondents are:
 - a. Respondent Underground Sports Inc., also doing business as Patriot Puck, a New York corporation with its principal office or place of business at 145 Milbar Blvd., Farmingdale, NY 11735.
 - b. Respondent Hockey Underground Inc., also doing business as Patriot Puck, a New York corporation with its principal office or place of business at 145 Milbar Blvd., Farmingdale, NY 11735.
 - c. Respondent Ipuck Inc., also doing business as Patriot Puck, a New York corporation with its principal office or place of business at 145 Milbar Blvd., Farmingdale, NY 11735.
 - d. Respondent Ipuck Hockey Inc., also doing business as Patriot Puck, a New York corporation with its principal office or place of business at 145 Milbar Blvd., Farmingdale, NY 11735.

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- e. Respondent George Statler III, an officer of the Corporate Respondents, Underground Sports Inc., Hockey Underground Inc., Ipuck Inc., and Ipuck Hockey Inc. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of Underground Sports Inc., Hockey Underground Inc., Ipuck Inc., and Ipuck Hockey Inc., which, together, do business as “Patriot Puck.” His principal office or place of business is 145 Milbar Blvd., Farmingdale, NY 11735.
2. The Commission has jurisdiction over the subject matter of this proceeding and over Respondents, and the proceeding is in the public interest.

ORDER**Definitions**

For purposes of this Order, the following definitions apply:

- A. “Clear(ly) and conspicuous(ly)” means that a required disclosure is difficult to miss (i.e., easily noticeable) and easily understandable by ordinary consumers, including in all of the following ways:
 1. In any communication that is solely visual or solely audible, the disclosure must be made through the same means through which the communication is presented. In any communication made through both visual and audible means, such as a television advertisement, the disclosure must be presented simultaneously in both the visual and audible portions of the communication even if the representation requiring the disclosure (“triggering representation”) is made through only one means.
 2. A visual disclosure, by its size, contrast, location, the length of time it appears, and other characteristics, must stand out from any accompanying text or other visual elements so that it is easily noticed, read, and understood.
 3. An audible disclosure, including by telephone or streaming video, must be delivered in a volume, speed, and cadence sufficient for ordinary consumers to easily hear and understand it.
 4. In any communication using an interactive electronic medium, such as the Internet or software, the disclosure must be unavoidable.
 5. On a product label, the disclosure must be presented on the principal display panel.

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6. The disclosure must use diction and syntax understandable to ordinary consumers and must appear in each language in which the triggering representation appears.
 7. The disclosure must comply with these requirements in each medium through which it is received, including all electronic devices and face-to-face communications.
 8. The disclosure must not be contradicted or mitigated by, or inconsistent with, anything else in the communication.
 9. When the representation or sales practice targets a specific audience, such as children, the elderly, or the terminally ill, “ordinary consumers” includes reasonable members of that group.
- B. “Made in the United States” means any representation, express or implied, that a product or service, or a specified component thereof, is of U.S.-origin, including, but not limited to, a representation that such product or service is “made,” “manufactured,” “built,” or “produced” in the United States or in America, or any other U.S.-origin claim.
- C. “Respondents” means all of the Corporate Respondents and the Individual Respondent, individually, collectively, or in any combination.
1. “Corporate Respondents” means Underground Sports Inc., also d/b/a “Patriot Puck”; Hockey Underground Inc., also d/b/a “Patriot Puck”; Ipuck Inc., also d/b/a “Patriot Puck”; Ipuck Hockey Inc., also d/b/a “Patriot Puck”; and their successors and assigns, individually, collectively, or in any combination.
 2. “Individual Respondent” means George Statler III.

Provisions**I.****PROHIBITED MISREPRESENTATIONS REGARDING U.S. ORIGIN CLAIMS**

IT IS ORDERED that Respondents, and Respondents’ officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any hockey puck, or any other product or service, must not make any representation, expressly or by implication, that a product or service is Made in the United States unless:

- A. The final assembly or processing of the product occurs in the United States, all significant processing that goes into the product occurs in the United States, and

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all or virtually all ingredients or components of the product are made and sourced in the United States; or

- B. A Clear and Conspicuous qualification appears immediately adjacent to the representation that accurately conveys the extent to which the product contains foreign parts, ingredients or components, and/or processing; or
- C. For a claim that a product is assembled in the United States, the product is last substantially transformed in the United States, the product's principal assembly takes place in the United States, and United States assembly operations are substantial.

II. SUBSTANTIATION

IT IS FURTHER ORDERED that Respondents, Respondents' officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale or distribution of any product or service, must not make any representation, expressly or by implication, regarding the country of origin of any product or service unless the representation is non-misleading, including that, at the time it is made, Respondents possess and rely upon a reasonable basis for the representation.

III. ACKNOWLEDGMENTS OF THE ORDER

IT IS FURTHER ORDERED that Respondents obtain acknowledgments of receipt of this Order:

- A. Each Respondent, within 10 days after the effective date of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.
- B. For 20 years after the issuance date of this Order, Individual Respondent for any business that such Respondent, individually or collectively with any other Respondents, is the majority owner or controls directly or indirectly, and each Corporate Respondent, must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees having managerial responsibilities for conduct related to the subject matter of the Order, and all agents and representatives who participate in conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure as set forth in the Provision titled Compliance Reports and Notices. Delivery must occur within 10 days after the effective date of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

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- C. From each individual or entity to which a Respondent delivered a copy of this Order, that Respondent must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

**IV.
COMPLIANCE REPORTS AND NOTICES**

IT IS FURTHER ORDERED that Respondents make timely submissions to the Commission:

- A. One year after the issuance date of this Order, each Respondent must submit a compliance report, sworn under penalty of perjury, in which:
1. Each Respondent must: (a) identify the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission, may use to communicate with Respondent; (b) identify all of that Respondent's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales, and the involvement of any other Respondent (which the Individual Respondent must describe if he knows or should know due to his own involvement); (d) describe in detail whether and how that Respondent is in compliance with each Provision of this Order, including a discussion of all of the changes the Respondent made to comply with the Order; and (e) provide a copy of each Acknowledgment of the Order obtained pursuant to this Order, unless previously submitted to the Commission.
 2. Additionally, the Individual Respondent must: (a) identify all his telephone numbers and all his physical, postal, email and Internet addresses, including all residences; (b) identify all his business activities, including any business for which such Respondent performs services whether as an employee or otherwise and any entity in which such Respondent has any ownership interest; and (c) describe in detail such Respondent's involvement in each such business activity, including title, role, responsibilities, participation, authority, control, and any ownership.
- B. Each Respondent must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:
1. Each Respondent must submit notice of any change in: (a) any designated point of contact; or (b) the structure of any Corporate Respondent or any entity that Respondent has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any

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subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.

2. Additionally, the Individual Respondent must submit notice of any change in: (a) name, including alias or fictitious name, or residence address; or (b) title or role in any business activity, including (i) any business for which such Respondent performs services whether as an employee or otherwise and (ii) any entity in which such Respondent has any ownership interest and over which Respondents have direct or indirect control. For each such business activity, also identify its name, physical address, and any Internet address.
- C. Each Respondent must submit notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such Respondent within 14 days of its filing.
- D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: _____” and supplying the date, signatory’s full name, title (if applicable), and signature.
- E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: In re Underground Sports Inc.

V.**RECORDKEEPING**

IT IS FURTHER ORDERED that Respondents must create certain records for 20 years after the issuance date of the Order, and retain each such record for 5 years, unless otherwise specified below. Specifically, Corporate Respondents and the Individual Respondent for any business that such Respondent, individually or collectively with any other Respondents, is a majority owner or controls directly or indirectly, must create and retain the following records:

- A. Accounting records showing the revenues from all goods or services sold, the costs incurred in generating those revenues, and resulting net profit or loss;
- B. Personnel records showing, for each person providing services in relation to any aspect of the Order, whether as an employee or otherwise, that person’s: name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;

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- C. Copies or records of all consumer complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;
- D. All records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission;
- E. A copy of each unique advertisement or other marketing material making a representation subject to this Order; and
- F. For 5 years from the date of the last dissemination of any representation covered by this Order:
 - 1. All materials that were relied upon in making the representation; and
 - 2. All evidence in each Respondent's possession, custody, or control that contradicts, qualifies, or otherwise calls into question the representation, or the basis relied upon for the representation, including complaints and other communications with consumers or with governmental or consumer protection organizations.

VI.
COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring Respondents' compliance with this Order:

- A. Within 10 days of receipt of a written request from a representative of the Commission, each Respondent must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury, and produce records for inspection and copying.
- B. For matters concerning this Order, representatives of the Commission are authorized to communicate directly with each Respondent. Respondents must permit representatives of the Commission to interview anyone affiliated with any Respondent who has agreed to such an interview. The interviewee may have counsel present.
- C. The Commission may use all other lawful means, including posing through its representatives as consumers, suppliers, or other individuals or entities, to Respondents or any individual or entity affiliated with Respondents, without the necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

Analysis to Aid Public Comment

- D. Upon written request from a representative of the Commission, any consumer reporting agency must furnish consumer reports concerning the Individual Respondent, pursuant to Section 604(2) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(2).

**VII.
ORDER EFFECTIVE DATES**

IT IS FURTHER ORDERED that this Order is final and effective upon the date of its publication on the Commission's website (ftc.gov) as a final order. This Order will terminate 20 years from the date of its issuance (which date may be stated at the end of this Order, near the Commission's seal), or 20 years from the most recent date that the United States or the Commission files a complaint (with or without an accompanying settlement) in federal court alleging any violation of this Order, whichever comes later; *provided, however*, that the filing of such a complaint will not affect the duration of:

- A. Any Provision in this Order that terminates in less than 20 years;
- B. This Order's application to any Respondent that is not named as a defendant in such complaint; and
- C. This Order if such complaint is filed after the Order has terminated pursuant to this Provision.

Provided, further, that if such complaint is dismissed or a federal court rules that the Respondent did not violate any provision of the Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Order will terminate according to this Provision as though the complaint had never been filed, except that the Order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

By the Commission.

ANALYSIS OF CONSENT ORDER TO AID PUBLIC COMMENT

The Federal Trade Commission ("FTC" or "Commission") has accepted, subject to final approval, an agreement containing a consent order from Underground Sports Inc., d/b/a Patriot Puck; Hockey Underground Inc., d/b/a Patriot Puck; Ipuck Inc., d/b/a Patriot Puck; IPuck Hockey Inc., d/b/a Patriot Puck; and George Statler III ("Respondents").

Analysis to Aid Public Comment

The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement or make final the agreement's proposed order.

This matter involves Respondents' marketing, sale, and distribution of hockey pucks with claims that the pucks are made in the United States.

According to the FTC's complaint, Respondents represented that all of their hockey pucks are all or virtually all made in the United States. In fact, Respondents' hockey pucks are wholly imported from China. Specifically, since January of 2016, Respondents have imported 74,411 kilograms of hockey pucks, which is the equivalent of more than 400,000 standard-weight pucks. Based on the foregoing, the complaint alleges that Respondents engaged in deceptive acts or practices in violation of Section 5(a) of the FTC Act.

The proposed consent order contains provisions designed to prevent Respondents from engaging in similar acts and practices in the future. Consistent with the FTC's Enforcement Policy Statement on U.S. Origin Claims, Part I prohibits Respondents from making U.S.-origin claims for their products unless either: (1) the final assembly or processing of the product occurs in the United States, all significant processing that goes into the product occurs in the United States, and all or virtually all ingredients or components of the product are made and sourced in the United States; (2) a clear and conspicuous qualification appears immediately adjacent to the representation that accurately conveys the extent to which the product contains foreign parts, ingredients or components, and/or processing; or (3) for a claim that a product is assembled in the United States, the product is last substantially transformed in the United States, the product's principal assembly takes place in the United States, and United States assembly operations are substantial.

Part II prohibits Respondents from making any country-of-origin claim about a product or service unless the claim is true, not misleading, and Respondents have a reasonable basis substantiating the representation.

Parts III through VI are reporting and compliance provisions. Part III requires Respondents to acknowledge receipt of the order, to provide a copy of the order to certain current and future principals, officers, directors, and employees, and to obtain an acknowledgement from each such person that they have received a copy of the order. Part IV requires each Respondent to file a compliance report within one year after the order becomes final and to notify the Commission within 14 days of certain changes that would affect compliance with the order. Part V requires Respondents to maintain certain records, including records necessary to demonstrate compliance with the order. Part VI requires Respondents to submit additional compliance reports when requested by the Commission and to permit the Commission or its representatives to interview respondent's personnel.

Finally, Part VII is a "sunset" provision, terminating the order after twenty (20) years, with certain exceptions.

Analysis to Aid Public Comment

The purpose of this analysis is to aid public comment on the proposed order. It is not intended to constitute an official interpretation of the proposed order or to modify its terms in any way.

Complaint

IN THE MATTER OF

OTTO BOCK HEALTHCARE NORTH AMERICA, INC.COMPLAINT AND INITIAL DECISION IN REGARD TO ALLEGED VIOLATIONS OF SECTION 5 OF THE
FEDERAL TRADE COMMISSION ACT AND SECTION 7 OF THE CLAYTON ACT*Docket No. 9378; File No. 171 0231**Complaint, December 20, 2017 – Initial Decision, May 6, 2019*

This case addresses Otto Bock HealthCare North America, Inc. and Otto Bock HealthCare GmbH's [REDACTED] million acquisition of FIH Group Holdings, LLC (“Freedom”), a non-reportable deal consummated on September 22, 2017. The complaint alleges that Otto Bock HealthCare North America, Inc. violated section 5 of the Federal Trade Commission Act and Section 7 of the Clayton Act by significantly lessening competition in the market for microprocessor prosthetic knees (“MPKs”). In his Initial Decision, the Administrative Law Judge found that the evidence proves that the Acquisition may substantially lessen competition in the relevant market for the sale of MPKs to prosthetic clinics in the United States in violation of Section 7 of the Clayton Act and Section 5 of the FTC Act; and ordered Otto Bock to divest the Freedom Assets and Business.

Participants

For the *Commission*: William Cooke, Yan Gao, Lynda Lao, Steven Lavender, Stephen Mohr, Eric Rohlck, and Danielle Sims.

For the *Respondent*: Edward G. Biester III, Duane Morris LLP.

COMPLAINT**(REDACTED PUBLIC VERSION)**

Pursuant to the provisions of the Federal Trade Commission Act (“FTC Act”), and by virtue of the authority vested in it by said Act, the Federal Trade Commission (“FTC” or “Commission”), having reason to believe that Respondent Otto Bock HealthCare North America, Inc., (“Respondent Otto Bock”) acquired FIH Group Holdings, LLC (“Freedom Innovations” or “Freedom”), in violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint pursuant to Section 5(b) of the FTC Act, 15 U.S.C. § 45(b), and Section 11(b) of the Clayton Act, 15 U.S.C. § 21(b), stating its charges as follows:

I.**NATURE OF THE CASE**

1. Respondent Otto Bock is the leading manufacturer and supplier of microprocessor prosthetic knees in the United States. On September 22, 2017, Respondent Otto Bock acquired Freedom Innovations, its closest competitor in the market for microprocessor prosthetic knees (the “Merger”). The Merger eliminated direct and substantial competition between Respondent