Analysis to Aid Public Comment
In the Matter of Charlotte Pipe and Foundry, File No. 111-0034

The Federal Trade Commission ("Commission" or "FTC") has accepted, subject to final approval, an Agreement Containing Consent Order ("Consent Agreement") from Charlotte Pipe and Foundry Company (hereinafter "CP&F") and its wholly-owned subsidiary, Randolph Holding Company, L.L.C. (hereinafter "Randolph") (hereinafter jointly referred to as "Charlotte Pipe" or "Respondents"). The purpose of the Consent Agreement is to address the anticompetitive effects resulting from Charlotte Pipe's 2010 acquisition (the "Acquisition") of the cast iron soil pipe ("CISP") business of Star Pipe Products, Ltd. ("Star Pipe"). The parties to that transaction also entered a "Confidentiality and Non-Competition Agreement." The Acquisition was not reportable under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, 15 U.S.C. 18a ("HSR Act"). The administrative complaint ("Complaint") alleges that the Acquisition violated Section 7 of the Clayton Act, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45.

Under the terms of the proposed Consent Agreement, Charlotte Pipe is: required to provide prior notification to the FTC, for a period of ten years, of an acquisition of any entity engaged in the manufacture and sale of CISP products in or into the United States; prohibited from enforcing the "Confidentiality and Non-Competition Agreement" against Star Pipe; and required to inform its customers and the public of the Acquisition and other transactions involving other CISP competitors.

The proposed Consent Agreement has been placed on the public record for 30 days for receipt of comments from interested members of the public. Comments received during this period will become part of the public record. After 30 days, the Commission will review the Consent Agreement again and the comments received, and will decide whether it should withdraw from the Consent Agreement or make final the accompanying Decision and Order.

Randolph is a wholly-owned subsidiary of CP&F. Randolph, acting on behalf of CP&F, executed both the Acquisition agreement as the “Buyer” of Star Pipe’s CISP business and the “Confidentiality and Non-Competition Agreement” referenced herein.

B. The Product and Structure of the Market

CISP products are components of pipelines systems used in buildings to transport

E. Effects

The effects of Charlotte Pipe's acquisition of Star Pipe's CISP business have been a substantial lessening of competition in the relevant markets. Specifically, the Acquisition has: eliminated actual, direct, and substantial competition between Charlotte Pipe and Star Pipe in the relevant markets; substantially increased the level of concentration in the relevant markets; eliminated a maverick firm; increased the ability of Charlotte Pipe unilaterally to exercise market power; and prevented Star Pipe and certain Star Pipe employees from re-entering the CISP products market for a period of six years.

II. The Proposed Order

Paragraph II of the Proposed Order requires Charlotte Pipe to provide prior notification to the Commission of an acquisition of any entity engaged in the manufacture and sale of CISP products in or into the United States. This paragraph also requires Charlotte Pipe to comply with premerger notification procedures and waiting periods similar to those found in the HSR Act.

This provision is necessary because Charlotte Pipe has previously acquired several firms in the CISP products market in