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<sup>1</sup> The views expressed herein are my own and do not necessarily reflect the views of the Commission or any individual Commissioner.

existing procedures. The first trend is familiar to anyone who has been involved in the HSR review process during the past several years, namely, the explosion in the number of documents maintained by business firms. As electronic data storage has become cheaper and more convenient, people and firms have retained ever-increasing volumes of documents. The result is that the number of documents that need to be searched and produced per custodian has grown exponentially. Data from one source that we received suggested that a custodian who maintained four boxes of documents in 1998 would be likely to maintain roughly 140 boxes of documents today. As might be expected given this exponential increase, document productions have grown increasingly burdensome even when the number of custodians searched has not.

A few years ago we received only two productions of over a million pages; more recently we received nine such productions. Adding to this complexity from the Commission's perspective is the need to accommodate a steadily widening array of software

is safe to say that we do not conduct merger analyses in quite the same way today. We focus less on structural pre

with the agency's enforcement mission, but that also reduces the burden of large and unwieldy productions. Our changes will be based on the work of the Task Force, consideration of past reforms, informal input from the ABA's Mergers & Acquisitions Committee, input from practitioners who have offered opinions along the way, and a detailed review of recent HSR matters in each of the merger shops. The Chairman has asked us to consider changes that will make a difference, including, for example, options to reduce the size of productions through smaller search groups and a shorter time period covered by the Second Request, and to reduce the burdens associated with such requirements as preserving and producing back-up tapes and compiling detailed privilege logs.

One thing that has become absolutely clear as we have worked through proposed reforms is that the success of these efforts will depend importantly on the merging firms themselves. To begin with, in a process designed to be expedited and focused, it will be necessary for the parties to be prompt, accurate, and complete in the information they provide to the agency. Errors, omissions, and delay will undermine efforts to streamline the merger review process. In particular, the decisions staff will have to make throughout the merger review process often will call for company-specific information that only the firms themselves can provide. Such information may include firm organization charts; early access to company employees who are knowledgeable about their firm's organization, the way it maintains data, and its various products; and the ability, early on, to engage in a candid discussion with staff about the arguments and facts on which the parties intend to rely (as well as arguments on which the parties do not intend to rely, so that areas of investigation can be eliminated). The earlier in the process the companies provide this information, and the more complete the response to staff's

request for such information, the better the review process will work.

Concomitantly, if firms will not or cannot cooperate with the Commission, efforts to streamline the process will be of limited effectiveness. Our experience with the review process as it stands today is clearly reflective of that dynamic. There are many major transactions where, with the cooperation of the parties, we have been able to narrow the second request substantially, both with respect to the number of employees whose files are searched and the number of boxes produced. At the same time, in those matters where counsel refused to negotiate the second request, was not responsive, or engaged in uncooperative behavior, the size of the second request response was substantially larger than those responses received from more cooperative parties. Any effort to substantially narrow the second request without compromising the agency's ability to fulfill its enforcement mission requires complete cooperation from the parties.

streamline their merger review.

The Bureau also recently has adopted a number of internal procedural reforms to increase rigor, focus, and accountability from the outset of the investigation. These include a detailed second merger screening meeting, tougher review of second requests at the issuance stage, the involvement by the Bureau front office in the development of detailed case management plans, and similar practices. Through increased Bureau and management involvement and accountability, we believe that in the coming months you will find material, substantial improvements in the merger review process at the Commission.

We also recently rolled out a new 5-year attorney training program, designed to teach best practices and investigation and litigation skills to our junior attorneys, and to increase consistency in practices across the Bureau's divisions. This program will support the development of first-rate litigation capability within the Bureau.

Finally, the Bureau is reworking and improving its internal procedure manuals for investigations and litigation. We hope that these materials also will improve consistency among the merger divisions and improve the efficient handling of casework.

Taken together, we believe that these changes, once implemented, will reduce substantially the burden that the merger review process places on both the parties and the Commission. They will do so in a way that is consistent with the Commission's enforcement mission, and allows flexibility to make further modifications as changes in both the technology and the law require.

This concludes my prepared statement, as I have attempted to keep my remarks brief consistent with the amount of time allotted. I look forward to your questions.

