UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Edith Ramirez, Chairwoman**
Maureen K. Ohlhausen
Terrell McSweeny

In the Matter of)
 	
Fortiline, LLC
   a North Carolina Limited Liability
   Company.
	DOCKET NO.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, 15 U.S.C. § 41, et seq. and by virtue of the authority vested in it by said Act, the Federal Trade Commission ("Commission"), having reason to believe that Fortiline, LLC (hereinafter sometimes referred to as "Fortiline" or "Respondent"), has violated the provisions of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues this Complaint stating its charges as follows:

Nature of the Case

1.   Fortiline, a distributor of ductile iron pipe ("DIP"), invited a rival to raise and fix prices in North Carolina and Virginia. By inviting collusion, Fortiline endangered competition and violated Section 5 of the FTC Act.

Respondent

2.   Fortiline is a limited liability company organized, existing, and doing business under and by virtue of the laws of North Carolina, with its principal place of business located in Concord, North Carolina.

3.   Fortiline distributes waterworks infrastructure products, such as pipe (including DIP), tubing, valves, fittings, and piping accessories.

4.   Fortiline is the third largest distributor of waterworks infrastructure products in the United States, operating approximately 37 branches in 12 states throughout the Southeast, the Mid-Atlantic, the Midwest, and Texas.

Jurisdiction

5.   At all times relevant herein, Fortiline has been, and is now, a corporation as "corporation" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

6.   The business practices of Fortiline, including the acts and practices alleged herein, are in commerce or affect commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

DIP Industry

7.   DIP is a commodity product used in underground waterworks distribution systems and water treatment plants. End users of DIP are primarily municipalities and water utilities. For a typical project, the end user seeks bids from multiple contractors.

8.   Contractors, in turn, solicit DIP bids from waterworks infrastructure distributors (such as Fortiline) and/or directly from DIP manufacturers. Contractors that buy direct from DIP manufacturers often pay a lower price, but forgo value-added services that distributors provide.

9.   At all times relevant herein, each of the major DIP manufacturers in the United States periodically published to its distributors a nationwide "price list" or "pricing schedule." Sometimes, instead of publishing a new price list, a DIP manufacturer announced a price adjustment stated in terms of a "multiplier," a decimal number by which the published price was multiplied to arrive at the new price. A higher multiplier translated to a higher price for DIP.

The Manufacturer A – Fortiline Relationship

10.   From its founding in 1997 until late 2009, most Fortiline branches distributed only DIP

Manufacturer A's DIP to North Carolina contractors as needed to complete projects where Fortiline had, prior to December 14, 2009, submitted to the contractor a bid specifying Manufacturer A's DIP.

13. Fortiline's termination of Manufacturer A in North Carolina and most of Virginia left Manufacturer A without a major distributor in that region. In response, Manufacturer A began to market and sell DIP direct to contractors in North Carolina and most of Virginia, in competition with North Carolina/Virginia distributors and their DIP suppliers, including Fortiline and its new supplier Manufacturer B.

14. Manufacturer A did not offer North Carolina and Virginia contractors the value-added services provided by distributors. In order to entice contractors to forgo those services and to buy directly from Manufacturer A, Manufacturer A