



Office of Commissioner
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UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

STATEMENT OF COMMISSIONER ROHIT CHOPRA

*Regarding Private Equity Roll-ups and the Hart-Scott Rodino Annual Report to Congress
Commission File No. P110014
July 8, 2020*

Today, the Federal Trade Commission and the Department of Justice announced a joint review of \$94 million. The FTC and the Department of Justice review transactions to determine whether a transaction might violate the

FTC has provided needed market intelligence to antitrust enforcement. For larger transactions, the FTC must also increase its focus on non-merger market trends. In particular, over the last decade, there has been a surge in roll-up transactions not subject to HSR reporting.

Buy-and-build strategies where a buyer acquires many companies in a particular industry are a common type of roll-up strategy. In today's marketplace, many private equity sponsors use "buy-and-build" approaches. A buy-and-build strategy typically involves acquiring a platform company with subsequent "bolt-on" and "tuck-in" acquisitions. In such strategies, private equity sponsors can quietly increase market power by acquiring smaller companies to a higher valuation when the combined company is

For example, 68% of private equity buyouts are add-ons from previous private equity investments, and 68% of private equity acquisitions are tied to an investment with at

112 acquisitions of other insurance brokerages, before selling to Apex Partners, another private equity fund. Under Apex's control, AssuredPartners subsequently executed another 124 acquisitions of insurance brokerages, before selling the company back to GTCR in 2019.²

While roll-ups are occurring across sectors of the economy, I am especially concerned about the unreported roll-ups in the health care sector. M&A activity in health care is among the highest of any sector in the U.S. economy, and the median deal size of leveraged buyouts by private equity firms is estimated to be between \$60-\$70 million – below HSR reporting thresholds.³

Private equity roll-ups occupy a growing proportion of this activity. For example, private equity firms are actively acquiring physician practices, with a particular focus on specialties like anesthesiology and emergency medicine.⁴