

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Maureen K. Ohlhausen, Acting Chairman**
Terrell McSweeney

In the Matter of:

Red Ventures Holdco, LP,
a limited partnership, and
Bankrate, Inc.,
a corporation.

Docket No. C-4627

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Clayton Act, and its authority thereunder, the Federal Trade Commission (“Commission”), having reason to believe that Respondent Red Ventures Holdco, LP (“Red Ventures”) has entered into a transaction with Respondent Bankrate, Inc. (“Bankrate”), that such transaction, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and that a proceeding in respect thereof would be in the public interest, hereby issues this Complaint, stating its charges as follows:

I. RESPONDENTS

Red Ventures

1. Respondent Red Ventures is a limited partnership organized, existing, and doing business under, and by virtue of, the laws of North Carolina, with its principal place of business located at 1101 Red Ventures Drive, Fort Mill, SC 29707.

2. Two private equity shareholders, General Atlantic, LLC and Silver Lake Partners, LP, own approximately 34% of Respondent Red Ventures. These shareholders each have one board seat and approval rights over two other board members of the seven person board of directors for Red Ventures GP, LLC, which is the management company that controls Respondent Red Ventures. These two shareholders must also approve certain significant capital expenditures by Red Ventures.

3. Respondent Red Ventures is a marketing company providing proprietary internet content and customer leads for providers in a variety of industries. Red Ventures' two private equity shareholders operate the following relevant domains: APlaceforMom.com, SeniorAdvisor.com, Caregivers.com, NursingHomes.com, OurParents.com, and SeniorLiving.net, which generate revenue by providing customer leads for senior living facilities.

4. Respondent Red Ventures and the corporate entities under its control are, and at all times relevant herein have been engaged in commerce, as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and Section 4 of the FTC Act, as amended, 15 U.S.C. §44.

Bankrate

5. Respondent Bankrate is a corporation organized, existing, and doing business under, and by virtue of, the laws of Delaware, with its principal place of business located at 1675 Broadway, 22nd Floor, New York, NY 10019.

6. Respondent Bankrate is a marketing company providing proprietary internet content and customer leads for providers in a variety of industries. In connection with providing leads for senior living facilities, Bankrate operates the following relevant domains: Caring.com and SeniorHomes.com.

7. Respondent Bankrate and the corporate entities under its control are, and at all times relevant herein have been engaged in commerce, as "commerce" is defined in Section 1 of the Clayton Act as amended, 15 U.S.C. § 12, and Section 4 of the FTC Act, as amended, 15 U.S.C. §44.

II. THE PROPOSED MERGER

8. Respondent Red Ventures and affiliated companies under its control entered into a merger agreement ("Merger Agreement") with Respondent Bankrate, dated July 2, 2017, pursuant to which Baton Merger Corp., a newly created indirect wholly owned subsidiary of Red Ventures, will merge with and into Bankrate, with Bankrate surviving the merger (the "Merger"). On July 2, 2017, the Merger's total estimated dollar value was \$1.4 billion.

9. The Merger is subject to Section 7 of the Clayton Act, as amended, 15 U.S.C. §18.

III. THE RELEVANT MARKET

10. A relevant product market in which to analyze the effects of the Merger is third-party paid referral services for senior living facilities. Senior living facilities provide a range of specialized long-term residential living options tailored to the needs of senior consumers. Referral services companies generate and collect customer leads for senior living facilities. Many small referral services generate leads through marketing and networking efforts similar to those

used by real estate agents. Larger referral services are internet-based; they attract consumers to their websites through both paid search advertising and search engine optimization, which includes, among other things, creating compelling free content to help the websites appear higher in search engine result pages. The referral services companies provide leads of qualified consumers to the senior living facilities. The senior living facilities' sales staff then contacts the consumers and seeks to consummate sales. When a consumer moves into a senior living facility, the senior living facility pays the referral services company a referral fee, typically based on a percentage of the first month's rent and care.

11. The relevant geographic market in which to analyze the effects of the Merger is the United States. Although the individual looking to move into a senior living facility has highly localized interests, large third-party paid referral services companies, like those controlled by the Respondents, compete on a nationwide basis to generate, collect, and refer qualified leads to senior living facilities located throughout the United States.

12. If there were a 5-10 percent post-merger price increase, senior living facilities likely would not switch to other lead sources in sufficient numbers to make the post-merger price increase unprofitable.

IV. MARKET STRUCTURE

13. Respondent Red Ventures' two large private equity shareholders jointly own A Place for Mom.com ("APFM"), which is the largest third-party paid referral service for senior living facilities.

14. Respondent Bankrate's Caring.com is generally recognized as the second largest third-party paid referral service for senior living facilities and its website claims to have the largest volume of traffic for individuals seeking information and support for placement of seniors into senior living facilities.

15. Caring.com is APFM's closest competitor. In addition to being the two largest third-party paid referral services for senior living facility operators, the two companies have similar business models. They both are internet-based referral services providers that compete to attract consumers via websites with national reach. They enter into contracts with senior housing operators both locally and nationally. Due to the popularity of its website, Caring.com represents one of APFM's most serious competitive threats. Besides APFM and Caring.com, there are numerous small third-party paid referral services for senior living facility operators, each with a negligible share of the relevant market.

V. BARRIERS TO ENTRY

16. There are substantial barriers to entering the third-party paid referral service for senior living facilities market. Network and scale effects on both the acquisition of potential leads and the supply of qualified leads to senior living facilities are significant. Achieving minimal viable scale means that entry into the relevant market would not be timely, likely, or sufficient in scope to deter or counteract the anticompetitive effects of the Merger.

VI. EFFECTS OF THE MERGER

17. The effects of the Merger, if consummated, may be substantially to lessen competition and tend to create a monopoly in the relevant market in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45 by:

- a. increasing the likelihood that Respondent Red Ventures would unilaterally exercise market power in the relevant market; and
- b. increasing the likelihood of or facilitating coordinated interaction between APFM and Caring.com in the relevant market.

VII. VIOLATIONS CHARGED

18. The Merger, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

19. The Merger Agreement entered into by Respondents Red Ventures and Bankrate constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

IN WITNESS WHEREOF, the Federal Trade Commission, having caused this Complaint to be signed by the Secretary and its official seal affixed, at Washington, D.C., this second day of November, 2017, issues its complaint against Respondents.

By the Commission.

Donald S. Clark
Secretary

SEAL: