UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA c/o Department of Justice Washington, D.C. 20530, *Plaintiff,* v. JAMES L. DOLAN c/o The Madison Square Garden Company Two Penn Plaza New York, NY 10121 *Defendant.*	Civil Action No.

COMPLAINT FOR CIVIL PENALTIES FOR FAILURE TO COMPLY WITH THE PREMERGER REPORTING AND WAITING REQUIREMENTS OF THE HART-SCOTT RODINO ACT

The United States of America, Plaintiff, by its attorneys, acting under the direction of the Attorney General of the United States and at the request of the Federal Trade Commission, brings this civil antitrust action to obtain monetary relief in the form of civil penalties against Defendant James L. Dolan ("Dolan"). Plaintiff alleges as follows:

NATURE OF THE ACTION

1. Dolan violated the notice and waiting period requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, 15 U.S.C. § 18a ("HSR Act" or "Act"), with respect to the acquisition of voting securities of the Madison Square Garden Company ("MSG") in 2017.

JURISDICTION AND VENUE

2. This Court has jurisdiction over the subject matter of this action pursuant to Section 7A(g) of the Clayton Act, 15 U.S.C. § 18a(g), and pursuant to 28 U.S.C. §§ 1331, 1337(a), 1345, and 1355 and over the Defendant by virtue of Defendant's consent, in the Stipulation relating hereto, to the maintenance of this action and entry of the Final Judgment in this District.

3. Venue is properly based in this District by virtue of Defendant's consent, in the Stipulation relating hereto, to the maintenance of this action and entry of the Final Judgment in this District.

THE DEFENDANT

4. Defendant Dolan is a natural person with his principal office and place of business at Two Penn Plaza, New York, NY 10121. Dolan is engaged in commerce, or in activities affecting commerce, within the meaning of Section 1 of the Clayton Act, 15 U.S.C. § 12, and Section 7A(a)(1) of the Clayton Act, 15 U.S.C. §18a(a)(1). At all times relevant to this complaint, Dolan had sales or assets in excess of $161.5 million.

OTHER ENTITY

5. MSG is a corporation organized under the laws of Delaware with its principal place of business at Two Penn Plaza, New York, NY 10121. MSG is engaged in commerce, or in activities affecting commerce, within the meaning of Section 1 of the Clayton Act, 15 U.S.C. § 12, and Section 7A(a)(1) of the Clayton Act, 15 U.S.C. §18a(a)(1). At all times relevant to this complaint, MSG had sales or assets in excess of $16.6 million.

THE HART-SCOTT-RODINO ACT AND RULES

6. The HSR Act requires certain acquiring persons and certain persons whose voting securities or assets are acquired to file notifications with the Department of Justice and the Federal Trade Commission (collectively, the "federal antitrust agencies") and to observe a waiting period before consummating certain acquisitions of voting securities or assets. 15 U.S.C. § 18a(a) and (b). These notification and waiting period requirements apply to acquisitions that meet the HSR Act's thresholds, which have been adjusted annually since 2004. The size of transaction threshold is $50 million, as adjusted ($80.8 million for most of 2017). In addition, there is a separate filing requirement for transactions in which the acquirer will hold voting securities in excess of $100 million, as adjusted ($161.5 million in 2017), and for transactions in which the acquirer will hold voting securities in excess of $500 million, as adjusted ($807.5 million in 2017). With respect to the size of person thresholds, the HSR Act requires one person involved in the transaction to have sales or assets in excess of $10 million, as adjusted ($16.6 million in 2017), and the other person to have sales or assets in excess of $100 million, as adjusted ($161.5 million in 2017).

7. The HSR Act's notification and waiting period requirements are intended to give the federal antitrust agencies prior notice of, and information about, proposed transactions. The waiting period is also intended to provide the federal antitrust agencies with an opportunity to investigate a proposed transaction and to determine whether to seek an injunction to prevent the consummation of a transaction that may violate the antitrust laws.

8. Pursuant to Section (d)(2) of the HSR Act, 15 U.S.C. § 18a(d)(2), rules were promulgated to carry out the purposes of the HSR Act. 16 C.F.R. §§ 801-03 ("HSR Rules"). The HSR Rules, among other things, define terms contained in the HSR Act.

9. Pursuant to section 801.13(a)(1) of the HSR Rules, 16 C.F.R. § 801.13(a)(1), "all voting securities of [an] issuer which will be held by the acquiring person after the consummation of an acquisition" – including any held before the acquisition – are deemed held "as a result of" the acquisition at issue.

10. Pursuant to sections 801.13(a)(2) and 801.10(c)(1) of the HSR Rules, 16 C.F.R. § 801.13(a)(2) and § 801.10(c)(1), the value of voting securities already held is the market price, defined to be the lowest closing price within 45 days prior to the subsequent acquisition.

11. Section 802.21 of the HSR Rules, 16 C.F.R. § 802.21, provides that once a person has filed under the HSR Act and the waiting period has expired, the person can acquire additional voting securities of the issuer without making a new filing for five years from the expiration of the waiting period, so long as the holdings do not exceed a higher threshold than was indicated in the filing.

12. Section 7A(g)(1) of the Clayton Act, 15 U.S.C. § 18a(g)(1), provides that any person, or any officer, director, or partner thereof, who fails to comply with any provision of the HSR Act is liable to the United States for a civil penalty for each day during which such person is in violation. Pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Pub. L. 114-74, § 701 (further amending the Federal Civil Penalties Inflation Adjustment Act of 1990), and Federal Trade Commission Rule 1.98, 16 C.F.R. § 1.98, 83 Fed.

Reg. 2902 (January 22, 2018), the maximum amount of civil penalty is currently $41,484 per day.

DEFENDANT'S PRIOR VIOLATION OF THE HSR ACT

13. On March 10, 2010, Dolan acquired voting securities of Cablevision Systems Corporation ("CVC") that resulted in holdings exceeding the adjusted $50 million threshold then in effect under the HSR Act. Although he was required to do so, Dolan did not file under the HSR Act prior to acquiring CVC voting securities on March 10, 2010.

14. Subsequently, Dolan made additional acquisitions of CVC voting securities such that on November 30, 2010 his holdings exceeded the adjusted $100 million threshold then in effect under the HSR Act. Although he was required to do so, Dolan did not file under the HSR Act prior to making the acquisition of CVC voting securities on November 30, 2010.

15. On February 24, 2012, Dolan made a corrective filing under the HSR Act for the acquisitions of CVC voting securities. In a letter accompanying the corrective filing, Dolan acknowledged that the transactions were reportable under the HSR Act, but asserted that the failure to file and observe the waiting period was inadvertent.

16. On May 4, 2012, the Premerger Notification Office of the Federal Trade Commission sent a letter to Dolan indicating that it would not recommend a civil penalty action regarding the March 10, 2010, and November 30, 2010, CVC acquisitions. The letter advised, however, that Dolan "still must bear responsibility for compliance with the Act" and was "accountable for instituting an effective program to ensure full compliance with the Act's requirements."

DEFENDANT'S VIOLATION OF THE HSR ACT

17. Dolan is the Executive Chairman and a Director of MSG and, as a result of holding these positions, frequently receives restricted stock units ("RSUs") as a part of his compensation package. On August 16, 2016, due to vesting RSUs, Dolan filed an HSR Notification for an acquisition of MSG voting securities that would result in holdings exceeding the $50 million threshold as adjusted. Early termination of the HSR Act's waiting period was granted on this filing on September 6, 2016, and Dolan completed the acquisition three days later. Dolan was permitted under the HSR Act to acquire additional voting securities of MSG without making another HSR Act filing so long as he did not exceed the $100 million threshold, as adjusted. As of February 27, 2017, the adjusted $100 million threshold was $161.5 million.

18. On September 11, 2017, Dolan acquired 591 shares of MSG due to vesting RSUs. As a result of this acquisition, Dolan held voting securities of MSG valued in excess of the $161.5 million threshold then in effect.

19. Although required to do so, Dolan did not file under the HSR Act or observe the HSR Act's waiting period prior to completing the September 11, 2017, transaction.

20. On November 24, 2017, Dolan made a corrective filing and the waiting period expired on December 26, 2017. Dolan was in continuous violation of the HSR Act from September 11, 2017, when he acquired the MSG voting securities valued in excess of the HSR Act's then applicable $100 million filing threshold, as adjusted ($161.5 million), through December 26, 2017, when the waiting period expired on his corrective filing.

REQUESTED RELIEF

WHEREFORE, Plaintiff requests:

a. That the Court adjudge and decree that Defendant's acquisition of MSG voting securities on September 11, 2017, was a violation of the HSR Act, 15 U.S.C. § 18a; and that Defendant was in violation of the HSR Act each day from September 11, 2017, through December 26, 2017;

b. That the Court order Defendant to pay to the United States an appropriate civil penalty as provided by the HSR Act, 15 U.S.C. § 18a(g)(1), and the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Pub. L. 114-74, § 701 (further amending the Federal Civil Penalties Inflation Adjustment Act of 1990), and Federal Trade Commission Rule 1.98, 16 C.F.R. § 1.98, 83 Fed. Reg. 2902 (January 22, 2018);

c. That the Court order such other and further relief as the Court may deem just and proper; and

d. That the Court award Plaintiff its costs of this suit.

Dated: December 6, 2018

FOR THE PLAINTIFF UNITED STATES OF AMERICA:

Makan Delrahim
D.C. Bar No. 457795
Assistant Attorney General
Department of Justice
Antitrust Division
Washington, D.C. 20530

Roberta S. Baruch
D.C. Bar No. 269266
Special Attorney

Kenneth A. Libby
Special Attorney

Jennifer Lee
Special Attorney

Federal Trade Commission
Washington, D.C. 20580
(202) 326-2694