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Practice Update

Largest Penalty Ever for Alleged Failure to File HSR

July 20, 2026

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Enforcement Takeaways

- **Analyzing the purchase price is not enough.** Companies should assess the entire transaction structure for HSR compliance, not just the face value of the acquisition agreement.
- **Related consideration can matter.** Investments, milestone payments, licensing arrangements, and other contemporaneous agreements may factor into HSR valuation.
- **Internal documents may drive risk.** Communications reflecting intent to avoid or delay agency review can heighten enforcement exposure.
- **Competitive context remains important.** Multiple acquisitions targeting the same industry or product space heighten enforcement risk, particularly where they reduce the number of close competitors.
- **Penalties are increasing.** The proposed $12 million penalty, the largest ever for failure to file, signals that HSR enforcement remains a priority.

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Overview

The Federal Trade Commission announced a proposed settlement imposing $12 million in civil penalties for alleged violations of the Hart-Scott-Rodino Act's premerger notification and waitingperiod requirements. The settlement resolves allegations that Edwards Lifesciences Corp. (Edwards) acquired JC Medical from Genesis MedTech Group Limited (Genesis) without making a required HSR filing and that the parties structured the transaction to avoid antitrust review. The proposed penalty would be the largest ever imposed for failure to file under the HSR Act.

Key Facts

- Edwards allegedly acquired JC Medical from Genesis in July 2024 without filing an HSR notification.
- The FTC alleged that Edwards paid $115 million for JC Medical, just below the then-applicable $119.5 million size-of-transaction threshold, while also agreeing to a related $25 million investment in Genesis.
- According to the FTC, the related investment should have been considered part of the same overall transaction, pushing the total value above the HSR threshold.
- One day after acquiring JC Medical, Edwards allegedly sought to acquire JenaValve Technology Inc., JC Medical's only U.S. clinical-trial competitor for TAVR-AR devices.
- The FTC sued to block the JenaValve acquisition as anticompetitive. In January 2026, the U.S. District Court for the District of Columbia granted the FTC's request for a preliminary injunction, and Edwards abandoned the transaction.
- Under the proposed final judgment, Edwards (including JC Medical) will pay $10 million, and Genesis will pay $2 million. Edwards will also be subject to prior notice obligations for certain future transactions, even if those transactions do not independently trigger an HSR filing.

Why It Matters

This action underscores that the FTC will closely scrutinize transaction structures that appear designed to keep a deal below HSR thresholds. The FTC's theory is particularly notable because it focuses not only on the nominal purchase price but also on related agreements and payments that allegedly formed part of the same economic arrangement.

Companies considering transactions near HSR thresholds should expect scrutiny of side agreements, investments, earnouts, milestone payments, and other linked consideration — and should take particular care when structuring multiple related transactions, as the FTC may evaluate the totality of the parties' conduct rather than each transaction in isolation. Subsequent transactions can draw attention to earlier deals and, in doing so, expose prior compliance gaps or valuation errors that were not previously subject to regulatory scrutiny.

Practical Guidance for Clients

Companies should involve antitrust counsel early when evaluating acquisitions, minority investments, asset purchases, licensing arrangements, or strategic partnerships that may be economically linked. Companies should avoid treating HSR analysis as a mechanical threshold exercise and should instead evaluate whether multiple agreements may be viewed as part of one integrated transaction. Companies should also maintain careful, contemporaneous documentation of valuation methodology, transaction timing, and business rationale.

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without seeking the advice of legal counsel. Prior results do not guarantee a similar outcome.