

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

**COMMISSIONERS:**                      **William E. Kovacic, Chairman**  
   **Pamela Jones Harbour**  
   **Jon Leibowitz**  
   **J. Thomas Rosch**

<p><b>In the Matter of</b></p> <p><b>DICK’S SPORTING GOODS, INC.,</b> <b>a corporation,</b></p>
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**DOCKET NO. C-4240**

**COMPLAINT**

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission (“Commission”), having reason to believe that Dick’s Sporting Goods, Inc., a corporation, hereinafter sometimes referred to as “Respondent,” has violated the provisions of said Act, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint stating its charges in that respect as follows:

1. Respondent Dick’s Sporting Goods, Inc. (“Dick’s”), is a corporation organized, and existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 300 Industry Drive, RIDC Park West, Pittsburgh, PA 15275. Golf Galaxy, Inc. (“Golf Galaxy”), a wholly owned subsidiary of Dick’s, is a corporation organized, and existing and doing business under and by virtue of the laws of the State of Minnesota, with its office and principal place of business located at 7275 Flying Cloud Dr., Eden Prairie, MN 55344. In 2007, Dick’s acquired all of the issued and outstanding stock of Golf Galaxy.
2. The acts and practices of Respondent, 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.
3. Golf Galaxy operates a chain of golf superstores in the United States. Golf Galaxy stores offer a broad selection of golf merchandise and related services, including golf clubs, equipment, accessories, clothing, lessons, swing analysis, and golf club fitting.
4. In 1998, the founders of Golf Town Canada Inc. (“Golf Canada”) wished to launch a chain of golf superstores in Canada similar to the Golf Galaxy superstores.

5. In June 1998, Golf Canada and Golf Galaxy entered into a Consulting Agreement (the “1998 Agreement”). Golf Galaxy agreed therein: (i) to develop and present an initial training program for certain Golf Canada employees, (ii) to provide Golf Canada on an ongoing basis with useful business documents, including construction blueprints, merchandising plans, and sales reports, and (iii) to provide continuing consulting support to Golf Canada.
6. In consideration for these consulting services, Golf Galaxy received shares of Golf Canada, a seat on the company’s board of directors, and cash payments.
7. The 1998 Agreement restrained Golf Canada from competing with Golf Galaxy. Specifically, Golf Canada was barred: (i) from operating any retail store in the United States during the term of the 1998 Agreement and for five years thereafter, and (ii) from engaging in any business outside of Canada that competes with or is similar to the business of Golf Galaxy during the term of the 1998 Agreement and for two years thereafter.
8. Between 1998 and 2004, with the assistance of Golf Galaxy, Golf Canada opened thirteen retail locations in Canada.
9. In October 2004, Golf Galaxy and Golf Canada ended their consulting arrangement, and Golf Galaxy sold its shares of Golf Canada. Golf Galaxy and Golf Canada entered into a new contract (the “2004 Amended Consulting Agreement”) that terminated all consulting obligations, effective immediately, but extended the duration of the restraints on competition beyond the expiration dates contemplated in the 1998 Agreement.
10. The 2004 Amended Consulting Agreement bars Golf Canada: (i) from operating any retail store in the United States for nine years (until June 2013), and (ii) from engaging in any business outside of Canada that competes with or is similar to the business of Golf Galaxy for six years (until June 2010). In addition, the 2004 Amended Consulting Agreement for the first time prohibits Golf Galaxy from opening a store in Canada (until June 2008). The agreement between Golf Galaxy and Golf Canada to extend the restraints on competition beyond the term specified in the 1998 Agreement is not reasonably necessary for the formation, efficient operation, or dissolution of the collaboration between the parties.
11. The effect of the agreement to extend the non-compete terms beyond what was originally contemplated in the 1998 Agreement, if implemented, would be to restrain competition unreasonably, to increase prices, and to injure consumers.

### **Violations Alleged**

12. As set forth in Paragraph 9 above, Respondent agreed to restrain competition in violation of Section 5 of the Federal Trade Commission Act, as amended.
13. The acts and practices of Respondent, as alleged herein, constitute unfair methods of competition in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45. Such acts and practices, or the effects thereof, will continue or recur in the absence of appropriate relief.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this eighteenth day of November, 2008, issues its complaint against Respondent.

By the Commission.

Donald S. Clark  
Secretary

SEAL: