



2. Respondent Orchid is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its headquarters address at 4390 US Route One, Princeton, New Jersey 08540.
3. Respondents LabCorp and Orchid are engaged in, among other things, the provision of paternity testing services used to establish that two or more people are genetically related to federal, state, local, or governmental entities (including Native American tribal authorities) in the United States, its territories and possessions, including courts, legislatures, governmental agencies or governmental commissions or any judicial or regulatory authority of any government in the United States, its territories and possessions (collectively “government agencies”).
4. Respondents are, and at all times 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 are corporations whose businesses are in or affect commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

## **II. THE PROPOSED ACQUISITION**

5. Pursuant to an Agreement and Plan of Merger among LabCorp and Orchid dated as of April 5, 2011 (the “Merger Agreement”), LabCorp proposes to acquire all of the outstanding shares of Orchid’s common stock at a price per share of \$2.80 (the “Acquisition”).

## **III. THE RELEVANT MARKET AND AREA**

6. For the purposes of this Complaint, the relevant market in which to analyze the effects of the Acquisition is the provision of paternity testing services to government agencies.
7. For the purposes of this Complaint, the United States is the relevant geographic area in which to analyze the effects of the Acquisition.

## **IV. THE STRUCTURE OF THE MARKET**

8. The market for government paternity testing services is highly concentrated, with LabCorp and Orchid conducting an overwhelming majority of all paternity tests performed for government agencies in the United States. LabCorp and Orchid are each other’s closest competitors and routinely are the top two choices and lowest-priced bidders for providing paternity testing services to government agencies.

## **V. ENTRY CONDITIONS**

9. New entry into the relevant market would not be timely, likely, or sufficient to deter or counteract the anticompetitive effects of the Acquisition set forth in Paragraph 11 below. New entry into the relevant market is difficult because of, among other things, the time, cost, and risk associated with developing necessary economies of scale and experience needed to effectively compete to provide paternity testing services for government agencies. As a result, de novo entry or entry by laboratory services companies in adjacent markets sufficient to achieve a significant market impact within two years is unlikely.
10. Expansion by smaller competitors into the relevant market would not be timely, likely, or sufficient to deter or counteract the anticompetitive effects of the Acquisition set forth in Paragraph 11 below. Existing fringe competitors are decreasing their efforts in the government paternity testing services market and are unlikely to expand even in the event of a post-acquisition anticompetitive price increase.

## **VI. EFFECTS OF THE ACQUISITION**

11. The effects of the Acquisition, if consummated, may be to substantially lessen competition and to 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 Federal Trade Commission Act, as amended, 15 U.S.C. § 45, in the following ways, among others:
  - a. by eliminating actual, direct, and substantial competition between LabCorp and Orchid in the market for the provision of paternity testing services to government agencies in the United States;
  - b. by increasing the likelihood that the merged entity will exercise market power unilaterally in the market for the provision of paternity testing services to government agencies in the United States;
  - c. by increasing the likelihood that government agencies would be forced to pay higher prices for paternity testing services; and
  - d. by creating a virtual monopoly in the market for the provision of paternity testing services to government agencies in the United States.

## VII. VIOLATIONS CHARGED

12. The Acquisition described in Paragraph 5 above, if consummated, would constitute a violation of 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.

**WHEREFORE, THE PREMISES CONSIDERED**, the Federal Trade Commission on this sixth day of December, 2011, issues its Complaint against said Respondents.

By the Commission.

Donald S. Clark  
Secretary

SEAL: