

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Maureen K. Ohlhausen, Acting Chairman
Terrell McSweeney

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In the Matter of)
)
Red Ventures Holdco, LP,)
a limited partnership,)
)
and)
)
Bankrate, Inc.,)
a corporation.)
)
_____)

File No. 171-0196

**APPLICATION FOR APPROVAL OF DIVESTITURE OF THE CARING.COM ASSETS
TO CARING HOLDINGS, LLC**

Pursuant to Section 2.41(f)(1) of the Federal Trade Commission (“Commission”) Rules of Practice and Paragraph II of the Decision and Order (“D&O”) accepted for public comment by the Commission on November 3, 2017 in the above-captioned matter, Respondent Red Ventures Holdco, LP (“Respondent” or “Red Ventures”) and Respondent Bankrate, Inc. (“Respondent” or “Bankrate”, and together with Red Ventures, “Respondents”) respectfully submit this Application for Approval of Divestiture of the Caring.com Assets¹ (“Application”) to Caring Holdings, LLC (“Caring Holdings”) pursuant to the terms and conditions of the Stock Purchase Agreement (“SPA”) (and ancillary agreements) dated March 6, 2018 (together the “Divestiture Agreement”), provided with this Application as Confidential Appendix A hereto.

I. Introduction

On July 2, 2017, Red Ventures and Bankrate entered into an Agreement whereby Red Ventures would acquire 100 percent of Bankrate for approximately \$1.4 billion. On October 23, 2017, the Respondents executed an Agreement Containing Consent Orders (“Consent Agreement”) that included the D&O and Order to Hold Separate and Maintain Assets (“Hold Separate Order”), to settle claims relating to Red Ventures’ acquisition of Bankrate (specifically with respect to Bankrate’s Caring.com business). The D&O was accepted for public comment on November 3, 2017. On November 8, 2017, Red Ventures closed its acquisition of Bankrate. The proposed D&O requires that the Respondents divest the Caring.com Assets within six

¹ Capitalized Terms not defined in this Application have the definitions provided in the D&O.

months after the Bankrate acquisition (May 8, 2018) to an Acquirer in a manner that receives the prior approval of the Commission.

This Application describes the principal terms of the Agreement by which Red Ventures proposes to divest the Caring.com Assets to Caring Holdings and explains why the Divestiture Agreement satisfies the objectives of the Consent Agreement.

II. The Proposed Divestiture

On March 6, 2018, Red Ventures and Caring Holdings entered into the Divestiture Agreement pursuant to which the Caring.com Business will be sold for [REDACTED], subject to prior approval by the Commission. The Agreements are consistent and comply with the terms of the D&O. Pursuant to the SPA, Caring Holdings will acquire the Caring.com Assets as required by Paragraph II of the D&O. Further, transition services will be provided pursuant to a Transition Services Agreement (which will include the provision of technology and back-office services.)²

As background, Caring.com is an internet-based online resource and referral service for customers looking for information about senior care facilities. Caring.com attracts clients to its website using paid search advertising and search engine optimization (“SEO”). Caring.com relies upon digital marketing and SEO capabilities to generate leads. Caring.com generates revenue from referral service fees paid by senior living facilities to which Caring.com directs potential clients. Red Ventures does not provide senior care facilities referral services, but two of its minority investors are also investors in A Place for Mom.

Although Caring.com was acquired by Bankrate in 2014, Caring.com has continued to operate as a separate, stand-alone, autonomous business with its own management. Caring.com relies upon only very limited support services from Bankrate. Indeed, due to the autonomy of Caring.com (among other factors), the Commission did not require a divestiture to an upfront buyer. Moreover, as it involves an ongoing business, the Caring.com divestiture is positioned to be successful and effective.³

As detailed below, the owners of Caring Holdings have the industry expertise and the necessary financial wherewithal to ensure the Caring.com Business will continue as a viable and effective competitor for third-party paid referral services for senior living facilities in the United States.

III. The Proposed Acquirer, Caring Holdings is Well-Qualified to be a Viable Competitor

A. Overview of Caring Holdings

Caring.com will be acquired by Caring Holdings, a newly formed company owned and controlled by 2050 Glendale Partners, LLC (an affiliate of Patrick Gavin), DHW Caring Partners, LLC (an affiliate of David Wong), 2717 ING, LP (an affiliate of Harris Preston & Partners, LLC), and Stripes39, LLC (an affiliate of Salil Jain and Carl Ng) (collectively, the

² See Appendix A, Divestiture Agreement, Transition Services Agreement at Exhibit A.

³ See *The FTC's Merger Remedies 2006-2012: A Report of the Bureaus of Competition and Economics*, (2017), p. 1 (available at <https://www.ftc.gov/reports/ftcs-merger-remedies-2006-2012-report-bureaus-competition-economics>) (noting that “all of the divestitures [reviewed in the study] involving an ongoing business succeeded.”).

“Caring Holdings Team”). The Caring Holdings Team members are hands-on private equity investors with significant experience and expertise in businesses similar to Caring.com, which are focused on digital customer acquisition. The team has a proven track record of growing large businesses in a range of different industries.

Patrick Gavin is a seasoned entrepreneur and investor with extensive experience with digital marketing, lead generation and internet-based companies. Patrick Gavin has partnered with Stripes39 (Salil Jain and Carl Ng) on several of his other digital acquisition ventures with Stripes39 providing expertise in digital marketing, lead generation, SEO and content creation. David Wong is a private equity investor who has partnered with Patrick Gavin and Stripes39 in other digital acquisition ventures since 2007 and has overseen over [REDACTED] in equity investments across a range of industries. Harris Preston & Partners, LLC (“HPP”) is a private investment firm managed by Charles M. Preston III focused on making co-investments of mid-sized companies. HPP also has a successful history of co-investing with Patrick Gavin, Stripes39 and David Wong in other digital acquisition ventures.

We understand that FTC staff and the monitor appointed by the Commission pursuant to the D&O have already met and received information (and a presentation) from the Caring Holdings Team during February and March 2018. The information and materials provided by the Caring Holdings Team to FTC staff and the monitor are consistent with (and supplemental to) the details provided herein.

B. Caring Holdings has the Expertise to Maintain and Develop the Caring.com Business

The Caring Holdings Team has over 15 years of online digital marketing expertise and a history of successfully entering and growing online markets. Their deepest strength is in content marketing and SEO. The Caring Holdings Team has a strong track-record investing in companies focused on content marketing and SEO. For example:

- The Caring Holdings Team invested in online education in 2008 and grew the HigherEducation.com business from a start-up to a world-class marketing and recruiting company that emerged as a leader for digital student referrals. A majority of the business was sold to [REDACTED] in 2016.
- The Caring Holdings Team co-founded Soda.com, a start-up business, in 2011. Soda.com operates several websites, including the [simplifiedollar.com](#), [reviews.com](#), and [freshome.com](#), which specialize in using online assets for lead generation. The business was sold to Red Ventures in 2016.⁴

For each of these companies – as with Caring.com – SEO and internet marketing capabilities play an important role in the success of the respective businesses. The Caring Holdings Team expects to capitalize on its expertise in these areas to improve and drive the success of the Caring.com Business. Growing Caring.com’s SEO will provide additional traffic on Caring.com, which will generate more leads, and increase the number of move-ins for improved cash flow for the business.

⁴ Caring Holdings has no continuing interest in Soda.com.

C. Caring Holdings has the Resources to Maintain and Develop the Caring.com Business

Caring Holdings has sufficient resources to maintain and develop the Caring.com Assets. The Caring Holdings Team generated [REDACTED] of proceeds [REDACTED] which provided proceeds of [REDACTED]. Caring Holdings has ample reserves for (and is committed) to investing in Caring.com's long-term growth. Caring Holdings is using cash on hand from equity investments made by the Caring Holdings Team to finance the acquisition of the Caring.com Assets and thus does not require any external financing. In addition, [REDACTED].

D. Caring Holdings has the Incentive to Maintain and Develop the Caring.com Business

Caring Holdings is making a substantial investment to acquire the Caring.com Business and is committed to Caring.com as a long-term investment. [REDACTED]. Caring Holdings will continue to invest in Caring.com post-transaction, with plans to aggressively grow revenue and market position. Caring Holdings is fully committed to and has every incentive to maintain and improve the Caring.com Business.

E. Caring Holdings' Acquisition of the Caring.com Business Raises No Competitive Issues

Caring Holdings has no other investments or interest in companies providing third party paid referral services for senior living facilities. Therefore, the acquisition of Caring.com by Caring Holdings does not raise any competitive issues.

IV. Conclusion

Respondents desire to complete the proposed divestiture of the Caring.com Assets to Caring Holdings as soon as possible following Commission approval. Prompt consummation of the proposed divestiture is in the interest of the public and the parties, as it will allow Caring Holdings to quickly implement its business plans for the Caring.com Assets, which will benefit seniors and senior living facilities, and will permit Respondents to fulfill their obligations under the D&O.

For the reasons set forth above, the proposed divestiture of the Caring.com Assets to Caring Holdings will achieve the objectives of the D&O by preserving the competitive status quo for third party referral services and thereby addressing all competitive concerns raised in the Complaint and the D&O. Further, it is procompetitive and in the public interest. The Respondents respectfully request that the Commission approve the divestiture of the Caring.com Assets to Caring Holdings.

V. Request for Confidential Treatment

This Application, including the attached Divestiture Agreement and related documents, contains confidential and competitively sensitive information relating to the Respondents, the divestiture of the Caring.com Assets, and Caring Holdings. Disclosure of this confidential information may prejudice the Respondents and Caring Holdings, and cause harm to the ongoing competitiveness of both companies, as well as the divested Caring.com Assets.

PUBLIC VERSION

Pursuant to Sections 6(f) and 21(c) of the Federal Trade Commission Act, 15 U.S.C. §§ 46(f) and 57b-2(c), and Sections 2.41(f), 4.9 and 4.10 of the Commission's Rules of Practice and Procedure, 16 C.F.R. §§ 2.41(1), 4.9 and 4.10, the Respondents request that nonpublic, commercially or competitively sensitive information contained in this Application be treated by the Commission as strictly confidential and not be made available to the public. The Respondents request that the Commission inform them immediately if the Commission cannot treat the confidential information contained in this Application as confidential in order to provide the Respondents an opportunity to seek relief.

For the convenience of maintaining the public record, the Respondents are submitting two versions of this Application. The confidential version contains the information necessary to enable the Commission to assess the Application. The public version has been redacted to exclude confidential and proprietary information.

PUBLIC VERSION

Dated: March 7, 2018

Respectfully submitted,

Peter Guryan

Peter Guryan
John Goheen
Karen Hunt
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017

Counsel for Red Ventures