

FTC secures record-breaking fines for failure to file HSR

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This week, the FTC obtained record-breaking fines totaling \$12 million to settle allegations that merging parties structured their transaction to avoid HSR review. Parties contemplating M&A deals should take care to ensure that transactions are structured in good faith and not designed to evade reporting requirements.

The HSR Act requires parties to notify the FTC and Department of Justice of certain transactions valued above a statutory threshold, currently \$133.9 million, and observe a statutory waiting period (generally 30 days) before closing the transaction.¹ In Edwards Lifesciences Corp. (Edwards) / Genesis MedTech Group Limited (Genesis), the FTC alleged that the parties intentionally structured Edwards' acquisition of JC Medical from Genesis to avoid HSR review. The parties agreed to pay fines in the aggregate record-breaking amount of \$12 million to settle these allegations, and Edwards committed to ongoing antitrust compliance obligations and to provide the FTC advance notice of certain transactions. This settlement serves as a reminder that parties to a transaction should not structure a transaction solely to avoid HSR filing requirements.

Challenged conduct

The FTC alleged that in early 2024, Edwards began negotiations to acquire JC Medical, a company in trials to bring to market transcatheter aortic valve replacement devices, from Genesis.² According to the FTC, Edwards stated that it wished to keep the acquisition price below the \$119.5 million reporting threshold applicable at the time because of concerns that HSR review “would significantly delay the transaction.”³ The FTC alleged that Genesis valued JC Medical within the range of \$125 – 150 million and was unwilling to accept an offer below the then-HSR threshold of \$119.5 million.⁴ According to the FTC, JC Medical proposed that Edwards could pay \$115 million for JC Medical plus make an additional minority investment in shares of seller Genesis to “close the gap.”⁵ The FTC alleged that JC Medical then sent two term sheets to Edwards: one for the acquisition of JC Medical and one for the Genesis investment, and the “transmittal email made clear that both were part of a single transaction” and closing would be concurrent.⁶

Edwards acquired JC Medical for \$115 million on July 22, 2024 and acquired non-voting shares of Genesis for \$25 million on August 9, 2024.⁷ According to the FTC, Edwards and Genesis both considered the Genesis investment to be part of the same transaction, and Edwards later said that there was no HSR filing necessary for the JC Medical acquisition because it was “below the threshold!” and that this was “Intentional.”⁸ The FTC alleged that avoiding HSR for the JC Medical acquisition was particularly important to Edwards given its desire to acquire JC Medical's only competitor, JenaValve Technology, Inc. (JenaValve), the acquisition of which was announced on July 24, 2024 (immediately after the JC Medical deal closed).⁹ The FTC later challenged the Edwards-JenaValve transaction and the deal was enjoined by the U.S. District Court for the District of Columbia on January 9, 2026, with Edwards and JenaValve abandoning the transaction shortly thereafter.¹⁰

The FTC alleged that Edwards and Genesis violated the HSR Act's notification and waiting period requirements and had been in violation since July 22, 2024 (the date when Edwards acquired JC Medical).¹¹ The HSR Act provides that for transactions that have been structured to avoid HSR filings, the obligation to file is determined by looking through the structure to examine “the substance of the transaction.”¹² The FTC alleged that although the \$115 million acquisition by

Edwards of JC Medical fell below the reporting threshold at that time, a “sufficient part of the \$25 million” acquisition by Edwards of non-voting shares of Genesis was “attributable to additional compensation for JC Medical” such that “the total price paid for the acquisition of JC Medical was above the HSR filing threshold of \$119.5 million,” making the transaction reportable under the HSR Act.¹³

The settlement

The settlement requires Edwards to pay a \$10 million penalty and Genesis to pay a \$2 million penalty.¹⁴ Beyond monetary penalties, Edwards must provide at least 30 days of advance written notice to the FTC for any acquisition of a company that sells or is developing an aortic regurgitation device in the United States.¹⁵ Edwards must also design, maintain, and operate an antitrust compliance program and designate an internal antitrust compliance officer to ensure compliance with the settlement and the antitrust laws.¹⁶

Takeaways

While settlements are not law and have no mandatory precedential authority, the settlement is a reminder that the FTC will enforce HSR compliance aggressively and is concerned about parties potentially structuring deals to avoid reportability and antitrust review. In the FTC’s press release, FTC Chairman Andrew Ferguson stated: “Companies that try to sneak deals through without lawful FTC review should take notice ... The FTC will be vigilant in enforcing the requirements of the Hart-Scott-Rodino Act and we will not hesitate to seek penalties for its violation.”¹⁷ In January 2026, FTC Commissioner Mark Meador warned against merging parties using “creative deal structures” to avoid HSR filings, including deals to hire all the employees of a company rather than acquiring the company (called *acqui-hires*).¹⁸

As a result, parties should work closely with antitrust counsel to confirm their transactions comply with the HSR rules and make all necessary filings.

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¹ See Davis Polk client update, *2026 HSR Act jurisdictional thresholds, filing fees and interlocking director thresholds announced* (Jan. 16, 2026), <https://www.davispolk.com/insights/client-update/2026-hsr-act-jurisdictional-thresholds-filing-fees-and-interlocking-director>.

² See Complaint, *United States v. Edwards Lifesciences et al.*, No. 26-cv-04250 at 6 (D.D.C. July 13, 2026), [ftc.gov/system/files/ftc_gov/pdf/EdwardsGenesis-Complaint.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/EdwardsGenesis-Complaint.pdf) (hereinafter "Complaint"). The Department of Justice filed the complaint on the FTC's behalf.

³ *Id.* at 6

⁴ *Id.* at 7.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ See *id.* at 3.

¹⁰ Press Release, Federal Trade Commission, *Statement on FTC Victory Halting Anticompetitive Medical Device Deal* (Jan. 12, 2026), <https://www.ftc.gov/news-events/news/press-releases/2026/01/statement-ftc-victory-halting-anticompetitive-medical-device-deal>.

¹¹ Complaint at 3.

¹² See *id.* at 5, 7-8.

¹³ *Id.* at 7-8.

¹⁴ The HSR Act imposes maximum inflation-adjusted penalties for each day that parties are in violation of the Act. The current maximum is \$53,088 per day. Since the alleged violation period started on July 24, 2024, under the statute, the total maximum penalties the parties could have been subjected to could have been greater than \$38 million.

¹⁵ Proposed Final Judgment, *United States v. Edwards Lifesciences et al.*, No. 26-cv-04250 (D.D.C. July 13, 2026), https://www.ftc.gov/system/files/ftc_gov/pdf/EdwardsGenesis-ProposedFinalJudgment.pdf.

¹⁶ *Id.*

¹⁷ Press Release, Federal Trade Commission, *FTC Secures \$12 Million in Penalties for Pre-Merger Reporting Act Violations* (July 13, 2026), <https://www.ftc.gov/news-events/news/press-releases/2026/07/ftc-secures-12-million-penalties-pre-merger-reporting-act-violations>.

¹⁸ Leah Nylen, Josh Sisco, Bloomberg Law, *Talent Acquisitions Can Face FTC Scrutiny Under Merger Laws* (Jan. 15, 2026), <https://www.bloomberglaw.com/product/blaw/bloomberglawnews/bloomberg-law-news/XCV4IVMS000000>.