

## Ordinary Equity Issuances to Company Insiders Can Result in HSR Act Violations and Penalties

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Directors, officers, and other persons who directly or indirectly hold common stock worth close to or more than \$80.8 million (the threshold amount for 2017) should consult legal counsel before acquiring any more shares to determine if compliance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "**HSR Act**"), is required prior to completing any additional acquisitions. In recent years, the Federal Trade Commission and the U.S. Department of Justice have more aggressively enforced the HSR Act, including inadvertent failures to file that occur when an insider of a company with significant equity value acquires a small number of shares-whether through a restricted stock grant, shares issued as director compensation, the exercise of a stock option, open market purchases, or otherwise. For example, in January 2017, the agencies imposed a fine of \$780,000 on an individual who was a founder, officer, and director of a company for his second failure to comply with the HSR Act as a result of his wife's purchase of a small number of shares.