

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Joseph J. Simons Chairman
Noah Joshua Phillips
Rohit Chopra
Rebecca Kelly Slaughter
Christine S. Wilson

In the Matter of)
)
)
Buddy's Newco, LLC,) Docket No. C-
a limited liability company.)
)
)

DECISION AND ORDER

The Federal Trade Commission ("Commission"), having initiated an investigation of certain acts and practices of Buddy's Newco LLC ("Respondent"), Aaron's Inc., and ARent Center, Inc., and Respondent having been furnished thereafter with a copy of the draft Complaint that counsel for the Commission proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge Respondent with violations of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45;

Respondent, its attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Order ("Consent Agreement"), containing an admission by Respondent of all the jurisdictional facts set forth in the aforesaid draft Complaint, a statement that the signing of said Consent Agreement is for settlement purposes only and does not constitute an admission by Respondent that the law has been violated as alleged in such Complaint, or that the facts as alleged in such Complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined it had reason to believe that Respondent has violated the said Act, and that a Complaint should issue stating its charges in that respect, and having accepted the executed Consent Agreement and placed such Consent Agreement on the public record for a period of thirty

1. Respondent Buddy's Newco, LLC, d/b/a Buddy's Home Furnishings, is a limited liability company organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its headquarters and principal place of business located at 4705 Apopka Vineland Road, Suite 206, Orlando, Florida 32819.
2. The Federal Trade Commission has jurisdiction of the subject matter of the proceeding and of the Respondent, and the proceeding is in their proper venue.

ORDER

I.

IT IS HEREBY ORDERED

- I. "Consent Agreement" means a Agreement Containing Consent Order.
- J. "Consumer Rental Contracts" means contracts that provide a consumer with a consumer good through a leasing arrangement that terminates when the consumer acquires ownership or the lessor takes repossession of the consumer good. Consumer Rental Contracts are also referred to as take-out contracts, rental purchase agreements, or lease-to-own agreements.
- K. "Executive Team" means Board Members, CEO, President, Executive Vice President, and General Counsel of Respondent and all employees of Respondent in a senior management position with decision-making authority over Respondent's business operations.
- L. "Non-Competition Agreement" means any agreement or covenant not to operate an RTO Retail Center within a specified geographic area for a specified period.
- M. "Third Party" means any natural person, partnership, corporation, association, trust, joint venture, or other business or legal entity other than Respondent.
- N. "Reciprocal Purchase Agreement" means a contingent agreement or series of contingent agreements through which Respondent or a Buddy's Franchisee agrees to close a RTO Retail Center and sell its Consumer Rental Contracts to a Competitor or its franchisee, and that Competitor or its franchisee agrees to close a RTO Retail Center and sell its Consumer Rental Contracts to Respondent or a Buddy's Franchisee.
- O. "RTO Retail Center" means a store with a physical location that primarily offers consumer goods through Consumer Rental Contracts.

II.

IT IS FURTHER ORDERED that:

- A. Respondent shall not, directly or indirectly, enter into, solicit, invite, facilitate, or enable any Third Party to enter into, a Reciprocal Purchase Agreement.
- B. Respondent shall not enforce, in whole or part, any Non-Competition Agreement that was part of, or contingent on, a Reciprocal Purchase Agreement.
- C. In any future franchise agreement or any renewal of an existing franchise agreement, Respondent shall specifically prohibit the Buddy's Franchisee from entering into a Reciprocal Purchase Agreement with a Competitor or Competitor's franchisee

III.

IT IS FURTHER ORDERED that no employee, officer, Board Member or other representative of Respondent shall serve as a Board Member or officer for a Competitor and Respondent shall not permit any employee, officer, Board Member or other representative of a Competitor to serve as a Board Member for Respondent.

IV.

IT IS FURTHER ORDERED that Respondent shall establish and maintain an antitrust compliance program that sets forth the policies and procedures Respondent has implemented to comply with the Order and the Antitrust Laws. The antitrust compliance program shall include:

- A. Designation and retention of an antitrust compliance officer, who may be an existing employee of Respondent, to supervise the design, maintenance, and operation of the program;
- B. Training the Executive Team regarding Respondent's obligations under this Order and the Antitrust Laws:
 - 1. Within 30 days after this Order becomes final,
 - 2. At least annually during the term of the Order,
 - 3. Within 30 days of when an individual first becomes a member of the Executive Team;
- C. Policies and procedures for employees and representatives of Respondent to ask questions about, and report violations of, this Order and the Antitrust Laws confidentially and without fear of retaliation of any kind;
- D. Policies and procedures for disciplining employees and representatives of Respondent for failure to comply with this Order and the Antitrust Laws;
- E. Retention of documents and records sufficient to record Respondent's compliance with its obligations under this Paragraph IV of this Order, including but not limited to records showing that employees and representatives of Respondent have received all trainings required under this Order during the preceding 24 months.

V.

IT IS FURTHER ORDERED that Respondent shall file verified written reports ("compliance reports") in accordance with the following:

- A. Respondent shall submit:

1. An interim compliance report 60 days after the Order is issued;
 2. Annual compliance reports each year on the anniversary of entry of the Order for a period of ten (10) years and
 3. Additional compliance reports as the Commission or its staff may request;
- B. Each compliance report shall set forth in detail the manner and form in which Respondent intends to comply, is complying, and has complied with this Order. Each compliance report shall contain sufficient information and documentation to enable the Commission to determine independently whether Respondent is complying with the Order. Conclusory statements that Respondent has complied with its obligations under the Order are insufficient. Respondent shall include in its reports, among other information or documentation that may be necessary to demonstrate compliance:
1. The identity and job title of the antitrust compliance officer;
 2. A description of how Respondent is complying with Paragraph II.B of the Order with respect to each Reciprocal Purchase Agreement in existence prior to the date of this Order and include, if applicable, any amendments, appendices, exhibits, schedules and modifications thereto;
 3. With each annual compliance report, provide an electronic Excel spreadsheet listing each RTO Retail Center for which either 1) Respondent or a Buddy's Franchisee closed a RTO Retail Center and sold RTO Retail Center's Consumer Rental Contracts to a Competitor or franchisee of a Competitor, or 2) Respondent or a Buddy's Franchisee acquired the Consumer Rental Contracts of a RTO Retail Center that was closed by a Competitor or franchisee of a Competitor and provide the following information regarding each listed RTO Retail Center:
 - a. Whether Respondent or a Buddy's Franchisee acquired or sold Consumer Rental Contracts and the identity of the affiliated RTO Retail Center;
 - b. The address of the RTO Retail Center;
 - c. The name of all other parties to the transaction and if another party was a franchisee, the name of the franchisor of that party;
 - d. Whether Respondent or a Buddy's Franchisee has entered into a Competition Agreement in connection with the transaction; and
 - e. A short summary of the relevant terms of the transaction including, but not limited to: (i) the purchase price and/or valuation of assets; (ii) the closing date of the transaction; and (iii) if Respondent or a Buddy's Franchisee acquired or sold Consumer Rental Contracts from multiple

RTO Retail

VIII.

IT IS FURTHER ORDERED that in connection with any legal proceeding brought by the Commission against Aaron's or RAC alleging that Respondent or a Buddy's Franchisee entered illegal Reciprocal Purchase Agreements, Respondent shall:

- A. Agree to service of process of all Commission subpoenas issued under Rule 3.34 of the Commission Rules of Practice, 16 C.F.R. ¶ 3.34;
- B. Negotiate in good faith with the Commission to provide a declaration, affidavit, and/or sponsoring witness, if necessary, to establish the authenticity and admissibility of any documents and/or data that Respondent produces or has produced to the Commission.

VII.

IT IS FINALLY ORDERED that this Order shall terminate 20 years from the date it is issued.

By the Commission.

April J. Tabor
Acting Secretary

SEAL:

ISSUED: