

ORIGINAL

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

CLERK U.S. DISTRICT COURT
NORTHERN DISTRICT OF TX
FILED

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UNITED STATES OF AMERICA

v.

SURGICAL CARE AFFILIATES, LLC
and SCAI HOLDINGS, LLC

Defendants.

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No: **3-21CR0011-L**

INDICTMENT

The Grand Jury charges that:

1. SURGICAL CARE AFFILIATES, LLC and SCAI HOLDINGS, LLC are hereby indicted and made defendants on both Counts contained in this Indictment.

COUNT ONE

Conspiracy in Restraint of Trade to Allocate Employees
(Violation of 15 U.S.C. § 1)

At times relevant to this Count:

2. Defendant SURGICAL CARE AFFILIATES, LLC was a company organized and existing under the laws of Delaware with its principal places of business in Birmingham, Alabama and Deerfield, Illinois. Defendant SCAI HOLDINGS, LLC was a company organized and existing under the laws of Delaware, and was the successor entity to Surgical Care Affiliates, Inc. Collectively, the defendants did business as Surgical Care Affiliates (“SCA”). SCA owned and operated outpatient medical care

facilities across the United States. SCA employed individuals to operate its business at its headquarters locations and at other locations across the United States.

3. Individual 1 served as the Chief Executive Officer (“CEO”) of SCA.

4. Company A was a company organized and existing under the laws of Delaware with its principal place of business in Dallas County within the Northern District of Texas. Company A owned and operated outpatient medical care facilities across the United States and employed individuals to operate its business at its headquarters location and at other locations across the United States.

5. Individual 2 served as the CEO of Company A.

6. SCA and Company A were competitors in the recruitment and retention of senior-level employees across the United States.

7. Various companies and individuals, not made defendants in this Count, participated as co-conspirators in the offenses charged herein and performed acts and made statements in furtherance thereof.

8. Whenever in this Count reference is made to any act, deed, or transaction of any company, the allegation means that the company engaged in the act, deed, or transaction by or through its officers, directors, agents, employees, or other representatives while they were actively engaged in the management, direction, control, or transaction of its business or affairs.

9. Beginning at least as early as May 2010 and continuing until at least as late as October 2017, the exact dates being unknown to the Grand Jury, in part in the Northern District of Texas and elsewhere, SCA and Company A entered into and

engaged in a conspiracy to suppress competition between them for the services of senior-level employees by agreeing not to solicit each other's senior-level employees. The conspiracy engaged in by SCA and co-conspirators was a *per se* unlawful, and thus unreasonable, restraint of interstate trade and commerce in violation of Section 1 of the Sherman Act (15 U.S.C. § 1).

10. The charged conspiracy consisted of a continuing agreement, understanding, and concert of action among SCA and its co-conspirators, the substantial terms of which were that SCA and Company A would allocate senior-level employees by not soliciting each other's senior-level employees across the United States.

MEANS AND METHODS OF THE CONSPIRACY

11. For the purpose of forming and participating in the charged conspiracy, SCA and its co-conspirators, among other things, did the following:

- (a) participated in meetings, conversations, and communications with co-conspirators to discuss the solicitation of senior-level employees of defendant and Company A, including specific senior-level employees of defendant and Company A—for example, on or about May 14, 2010, Individual 2 emailed other employees of Company A, stating “I had a conversation w [Individual 1] re people and we reached agreement that we would not approach each other's proactively”;
- (b) agreed during those meetings, conversations, and communications not to solicit each other's senior-level employees;

- (c) instructed certain executives, employees, and recruiters not to solicit senior-level employees of each other's companies—for example, on or about November 11, 2013, a senior human resources employee at Company A instructed a recruiter “Please do not schedule a call w/[candidate], thanks. She would have had to apply for the job first. We cannot reach out to SCA folks. Take any SCA folks off the list.”;
- (d) monitored compliance with the agreement by requiring senior-level employees of defendant and Company A who applied to the other company to notify their current employer that they were seeking other employment in order for their applications to be considered—for example, on or about October 16, 2015, Individual 1 emailed a human resources executive at SCA: “Putting two companies in italics ([Company A] and [Company B]) - we can recruit junior people (below Director), but our agreement is that we would only speak with senior executives if they have told their boss already that they want to leave and are looking.”;
- (e) informed senior-level employees of SCA and Company A who were candidates for employment at the other company that they were required to provide such notice to their current employer—for example, on or about November 1, 2013, employees of Company A discussed whether to interview a candidate employed by SCA in light of the “verbal agreement with SCA to not poach their folks...” Individual 2 replied “We do have that agreement and want to stick by it. If [candidate] indeed did approach

us, and is willing to tell [Individual 1] that I'm ok." The senior human resources employee at Company A commented "Yikes, she is not going to want to do that. But I will check.";

- (f) alerted co-conspirators about instances of recruitment of employees of SCA and Company A and took steps to remedy violations of the agreement—for example, on or about December 8, 2015, Individual 2 informed Individual 1 "Just wanted to let you know that [recruiting company] is reaching out to a couple of our execs. I'm sure they are not aware of our understanding." Individual 1 instructed other executives of SCA: "We should continue to flag [Company A] on our 'do not call' list to recruiters – is OK if we get an inbound inquiry and the leader has communicated within [Company A] that they want to leave, but outbound calls should not be occurring."; and
- (g) refrained from soliciting each other's senior-level employees—for example, believing a candidate to be employed by SCA, a human resources employee of Company A emailed a recruiting coordinator for Company A on or about July 17, 2017, that although the candidate "look[ed] great" she "can't poach her."

TRADE AND COMMERCE

12. The business activities of SCA and its co-conspirators that are the subject of this Count were within the flow of, and substantially affected, interstate trade and commerce. For example:

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