

**Letitia James**

New York State Attorney General

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Attorney General James, FTC, and Multistate Coalition Sue Amazon for Illegally Maintaining Monopoly Power

Lawsuit Details How Amazon Wields Its Monopoly Power to Inflate Prices, Degrade Quality, and Stifle Innovation for Consumers and Businesses

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NEW YORK – New York Attorney General Letitia James, leading a bipartisan multistate coalition of 17 attorneys general, joined the Federal Trade Commission (FTC) in [suing Amazon](#), alleging that the online retail and technology company is a monopolist that uses a set of interlocking anticompetitive and unfair strategies to illegally maintain its monopoly power. The lawsuit alleges that Amazon’s actions allow it to stop rivals and sellers from lowering prices, degrade quality for shoppers, overcharge sellers, stifle innovation, and prevent rivals from fairly competing against Amazon.

The complaint alleges that Amazon violates the law not because it is big, but because it engages in a course of exclusionary conduct that prevents current competitors from growing and new competitors from emerging. By stifling competition on price, product selection, and quality, and by preventing its current or future rivals from attracting a critical mass of shoppers and sellers, Amazon ensures that no current or future rival can threaten its dominance. Amazon’s far-reaching schemes impact hundreds of billions of

dollars in retail sales every year, touch hundreds of thousands of products sold by businesses big and small, and affect over a hundred million shoppers.

“Amazon illegally raised prices for consumers and took advantage of online sellers in its storefront and they should be held accountable,” said **Attorney General James**.

“Amazon’s monopolistic behavior is hurting consumers, online sellers, competition, and the overall economy. Today my office is leading a multistate coalition in joining the FTC to put an end to Amazon’s abusive and manipulative practices to protect consumers and small businesses nationwide. Every company, big or small, must abide by the law and my office is not afraid to hold those that don’t to account.”

The coalition alleges that Amazon’s anticompetitive conduct occurs in two markets — the online superstore market that serves shoppers and the market for online marketplace services purchased by sellers. These tactics include:

- Anti-discounting measures that punish sellers and deter other online retailers from offering prices lower than Amazon, keeping prices higher for products across the internet. For example, if Amazon discovers that a seller is offering lower-priced goods elsewhere, Amazon can bury discounting sellers so far down in Amazon’s search results that they become effectively invisible.
- Conditioning sellers’ ability to obtain “Prime” eligibility for their products — a virtual necessity for doing business on Amazon — on sellers using Amazon’s costly fulfillment service, which has made it substantially more expensive for sellers on Amazon to also offer their products on other platforms. This unlawful coercion has limited competitors’ ability to effectively compete against Amazon.

Amazon’s illegal, exclusionary conduct makes it impossible for competitors to gain a foothold. With its amassed power across both the online superstore market and online marketplace services market, Amazon extracts enormous monopoly rents from everyone within its reach. This includes:

- Degrading the customer experience by replacing relevant, organic search results with paid advertisements — and deliberately increasing junk ads that worsen search quality and frustrate both shoppers seeking products and sellers who are promised a return on their advertising purchase.
- Favoring Amazon’s search results to preference Amazon’s own products over ones that Amazon knows are of better quality.

- Charging costly fees on the hundreds of thousands of sellers that currently have no choice but to rely on Amazon to stay in business. These fees range from a monthly fee sellers must pay for each item sold, to advertising fees that have become virtually necessary for sellers to do business. Combined, all of these fees force many sellers to pay close to 50 percent of their total revenues to Amazon. These fees harm not only sellers but also shoppers, who pay increased prices for thousands of products sold on or off Amazon.

Attorney General James, FTC, and the multistate coalition are seeking a permanent injunction in federal court that would prohibit Amazon from engaging in its unlawful conduct and pry loose Amazon’s monopolistic control to restore competition.

Joining Attorney General James and the FTC’s complaint are the attorneys general of Connecticut, Delaware, Maine, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New Hampshire, New Mexico, Nevada, Oklahoma, Oregon, Pennsylvania, Rhode Island, and Wisconsin.

For New York, this matter was handled by Assistant Attorneys General Michael Jo, Tal Elmatad, and James Yoon, under the supervision of Deputy Bureau Chief Amy McFarlane and Bureau Chief Elinor Hoffmann — all of the Antitrust Bureau. The Antitrust Bureau is a part of the Division for Economic Justice, which is overseen by Chief Deputy Attorney General Chris D’Angelo and First Deputy Attorney General Jennifer Levy.

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