



ANTHONY G. BROWN, MARYLAND ATTORNEY GENERAL

PRESS RELEASE

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Media Contacts:
press@oag.state.md.us
410-576-7009

Maryland, Along with a Coalition of State AGs and the FTC, Sues Amazon for Illegally Maintaining Monopoly Power
Amazon's Ongoing Pattern of Illegal Conduct Blocks Competition, Allowing It to Wield Monopoly Power to Inflate Prices, Degrade Quality, and Stifle Innovation for Consumers and Businesses

BALTIMORE, MD (September 26, 2023) – Maryland Attorney General Anthony G. Brown, along with 16 other Attorneys General (“the coalition”) and the Federal Trade Commission (FTC), today sued Amazon.com, Inc. 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 coalition of Attorneys General and the FTC say 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, 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 rivals 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.

“Small businesses are a critical part of what makes Amazon’s online marketplace successful. But Amazon’s anti-competitive conduct harms the real people that run these businesses, and that harm also extends deeply into its customers’ pockets,” **said Attorney General Brown.** “Because of Amazon’s unlawful tactics, shoppers are paying higher prices and Maryland small businesses are either at the mercy of a monopolist or, put simply, at risk going out of business. There’s too much at stake here for consumers and small businesses, and we’re going to put a stop to Amazon’s monopoly.”

The coalition and FTC allege 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, which serves to keep prices higher for products across the internet. For example, if Amazon discovers that a seller is offering lower-priced goods elsewhere, Amazon will 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, in turn, 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 the online marketplace services market, Amazon effectively 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 competitor products and sellers who are promised a return on their advertising purchase.
- Biasing Amazon's search results to preference Amazon's own products over those that Amazon knows are of better quality.
- Charging costly fees to 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- that sellers must pay for each item sold, to advertising fees that have become virtually necessary for sellers to do business. Combined, all these fees force many sellers to pay close to 50% 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.

The coalition and the FTC are seeking a permanent injunction in federal court that would prohibit Amazon from engaging in this unlawful conduct and pry loose Amazon's monopolistic control to restore competition.

In filing the lawsuit, Attorney General Brown joins the FTC and the Attorneys General of Connecticut, Delaware, Maine, Massachusetts, Michigan, Minnesota, New Jersey, New Hampshire, New Mexico, Nevada, New York, Oklahoma, Oregon, Pennsylvania, Rhode Island, and Wisconsin.

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