1 2 3 4 5 UNITED STATES DISTRICT COURT 6 WESTERN DISTRICT OF WASHINGTON 7 8 FEDERAL TRADE COMMISSION, 9 STATE OF NEW YORK, STATE OF CONNECTICUT, 10 11 COMMONWEALTH OF PENNSYLVANIA, STATE OF DELAWARE, 12 13 STATE OF MAINE, STATE OF MARYLAND, 14 **CASE NO.:** 2:23-cv-01495 COMMONWEALTH OF MASSACHUSETTS, 15 **COMPLAINT** STATE OF MICHIGAN, 16 STATE OF MINNESOTA, 17 STATE OF NEVADA, 18 19 STATE OF NEW HAMPSHIRE, 20 STATE OF NEW JERSEY, 21 STATE OF NEW MEXICO, 22 STATE OF OKLAHOMA, STATE OF OREGON, 23 24 FEDERAL TRADE COMMISSION

COMPLAINT - i CASE NO. \_:\_\_-cv-\_\_\_\_

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1	STATE OF RHODE ISLAND,	
2	and	
3	STATE OF WISCONSIN,	
4	Plaintiffs,	
5	v.	
6	AMAZON.COM, INC., a corporation,	
7	Defendant.	
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	COMPLAINT - ii CASE NO:cv	FEDERAL 600

**FEDERAL TRADE COMMISSION** 600 Pennsylvania Avenue, NW Washington, DC 20580 (202) 326-2222

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COMPLAINT - iv CASE NO. \_:\_\_-ev-\_\_\_\_

1	Plaintiffs Federal Trade Commission ("FTC") and the states of New York, Connecticut,
2	Pennsylvania, Delaware, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New
3	Hampshire, New Jersey, New Mexico, Oklahoma, Oregon, Rhode Island, and Wisconsin, by and
4	through their respective Attorneys General (together, the "State Plaintiffs," and collectively with
5	the FTC, "Plaintiffs"), petition this Court pursuant to Section 13(b) of the Federal Trade
6	Commission Act ("FTC Act"), 15 U.S.C. § 53(b); 15 U.S.C. § 26; and applicable state laws for
7	equitable relief against Defendant Amazon.com, Inc. ("Amazon") to undo and prevent its unfair
8	methods of competition in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a); Section 2
9	of the Sherman Act, 15 U.S.C. § 2; and state competition and consumer protection laws.
10	I. NATURE OF THE CASE
11	1. The early days of online trade were bursting with possibility. Competition
12	flourished. A newly connected nation saw a wide-open frontier where anyone with a good idea
13	would have a fair shot at success.
14	2. Today, however, this wide-open frontier has been enclosed. A single company,
15	Amazon, has seized control over much of the online retail economy.
16	3. Amazon is a monopolist. It exploits its monopolies in ways that enrich Amazon
17	but harm its customers: both the tens of millions of American households who regularly shop on
18	Amazon's online superstore and the hundreds of thousands of businesses who rely on Amazon to
19	reach them.
20	4. For example, Amazon has hiked so steeply the fees it charges sellers that it now
21	reportedly takes close to half of every dollar from the typical seller that uses Amazon's
22	fulfillment service. Amazon recognizes that sellers find "that it has become more difficult over
23	time to be profitable on Amazon" due to Amazon's But as one selle
24	explains, "we have nowhere else to go and Amazon knows it." Amazon has also

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1	through a operation called "Project Nessie."
2	Amazon's Project Nessie has already
3	extracted over from American households.
4	5. In addition to overcharging its customers, Amazon is degrading the services it
5	provides them. Amazon's online storefront once prioritized relevant, organic search results.
6	Amazon shifted gears so that it
7	now litters its storefront with pay-to-play advertisements. Amazon executives internally
8	acknowledge this creates by making it
9	This practice, too, harms
10	both sellers and shoppers alike. Most sellers must now pay for advertising to reach Amazon's
11	massive base of online shoppers, while shoppers consequently face less relevant search results
12	and are steered toward more expensive products. Notably, Amazon has increased not only the
13	number of advertisements it shows, but also
14	because Amazon can
15	extract billions of dollars through increased advertising despite worsening its services for
16	customers.
17	6. In a competitive world, Amazon's decision to raise prices and degrade services
18	would create an opening for rivals and potential rivals to attract business, gain momentum, and
19	grow. But Amazon has engaged in an unlawful monopolistic strategy to close off that
20	possibility.
21	7. This case is about the illegal course of exclusionary conduct Amazon deploys to
22	block competition, stunt rivals' growth, and cement its dominance. The elements of this strategy
22	8504 NF 159 NB 88 860 NF 8890 NF 59 5085 88
23	are mutually reinforcing. Amazon uses a set of anti-discounting tactics to prevent rivals from
24	are mutually reinforcing. Amazon uses a set of anti-discounting tactics to prevent rivals from growing by offering lower prices, and it uses coercive tactics involving its order fulfillment

deploys this interconnected strategy to block off every major avenue of competition—including price, product selection, quality, and innovation—in the relevant markets for online superstores and online marketplace services.

- 8. Amazon's course of conduct has unlawfully entrenched its monopoly position in both relevant markets. According to an industry source, Amazon now captures more sales than the next fifteen largest U.S. online retail firms combined. Yet Amazon has violated the law not by being big, but by how it uses its scale and scope to stifle competition.
- 9. A critical mass of customers is key to powering what Amazon calls its "flywheel." By providing sellers access to significant shopper traffic, Amazon is able to attract more sellers onto its platform. Those sellers' selection and variety of products, in turn, attract additional shoppers. More shoppers yield more customer-generated product ratings, reviews, and valuable consumer data for Amazon to use. All of this enables Amazon to benefit from the accelerated growth and momentum that network effects and scale economies can fuel.
- 10. The biggest threat to Amazon's monopoly power would be for a rival to attract its own critical mass of dedicated customers. Competitors able to build a sizable base of either shoppers or sellers could spin up their own "flywheels," overcome barriers to entry and expansion, and achieve the scale needed to compete effectively in the relevant markets. As Mr. Bezos once wrote, "[o]nline selling (relative to traditional retailing) is a scale business characterized by high fixed costs and relatively low variable costs. This makes it difficult to be a medium-sized e-commerce company," and it is "difficult . . . for single-category e-commerce companies to achieve the scale necessary to succeed." In order to "build an important and lasting company . . . online in e-commerce," Mr. Bezos explained, "you have to have a scale business," because "[t]his kind of business isn't going to work in small volumes."

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  FEDERAL TRADE COMMISSION

11.	Having gained its own	critical mass of bo	oth shoppers	and sellers,	Amazon	set ou
y both o	current and would-be riv	als the ability to d	o the same.			

- Amazon uses its vast power, size, and control over multiple business units to implement an interrelated and exclusionary course of conduct. Each element of this overarching strategy aims at the same goal: to keep rivals from gaining the scale needed to compete effectively against Amazon. And each element amplifies the force of the rest, in a self-
- One set of tactics stifles the ability of rivals to attract shoppers by offering lower prices. Amazon deploys a sophisticated surveillance network of web crawlers that constantly monitor the internet, searching for discounts that might threaten Amazon's empire. When Amazon detects elsewhere online a product that is cheaper than a seller's offer for the same product on Amazon, Amazon punishes that seller. It does so to prevent rivals from gaining
- Originally, Amazon imposed explicit contractual requirements barring all sellers from offering their goods for lower prices anywhere else. After European regulators began investigating, Amazon got rid of these requirements in Europe. After a U.S. senator called for antitrust scrutiny, Amazon did the same in the United States in 2019.
- Amazon recognized that dropping an explicit contractual requirement while continuing to use other anti-discounting tactics would appear "not only trivial but a trick and an attempt to garner goodwill with policymakers amid increasing competition concerns."
- But Amazon has done just that. It continues to use—and add—other antidiscounting tactics to discipline sellers who offer lower-priced goods elsewhere. The sanctions Amazon levies on sellers vary. For example, Amazon knocks these sellers out of the allimportant "Buy Box," the display from which a shopper can "Add to Cart" or "Buy Now" an COMPLAINT - 4 FEDERAL TRADE COMMISSION CASE NO. \_:\_\_-cv-\_

1	Amazon-selected offer for a product. Nearly 6% of Amazon sales are made through the Buy
2	Box and, as Amazon internally recognizes, eliminating a seller from the Buy Box causes that
3	seller's sales to "tank." Another form of punishment is to bury discounting sellers so far down in
4	Amazon's search results that they become effectively invisible. Still another is
5	For
6	especially important sellers, Amazon keeps in place a targeted version of the contractual
7	requirement it supposedly stopped using in 2019. If caught offering lower prices elsewhere
8	online, these sellers face the ultimate threat: not just banishment from the Buy Box, but total
9	exile from Amazon's Marketplace. As Amazon internally admits, these tactics have a
10	and many sellers "live in constant fear" of them.
11	17. Moreover, Amazon's one-two punch of seller punishments and high seller fees
12	often forces sellers to use their inflated Amazon prices as a price floor everywhere else. As a
13	result, Amazon's conduct causes online shoppers to face artificially higher prices even when
14	shopping somewhere other than Amazon. Amazon's punitive regime distorts basic market
15	signals: one of the ways sellers respond to Amazon's fee hikes is by increasing their own prices
16	off Amazon. An executive from another online retailer sums up this perverse dynamic:
17	Amazon's anti-discounting conduct
18	Amazon's illegal tactics mean that when Amazon raises its
19	fees, others—competitors, sellers, and shoppers—suffer the harms.
20	18. Amazon's tactics suppress rival online superstores' ability to compete for
21	shoppers by offering lower prices, thereby depriving American households of more affordable
22	options. Amazon's conduct also suppresses rival online marketplace service providers' ability to
23	compete for sellers by offering lower fees because sellers cannot pass along those savings to
24	shoppers in the form of lower product prices.
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19. These various anti-discounting tactics constrain sellers operating on Amazon's third-party business unit, through which sellers set their own product prices. But Amazon also operates an enormous first-party arm, which accounted for 40% of its overall unit sales in the second quarter of 2023, as shown in Figure 1. Using its direct control over these prices, Amazon created another anti-discounting tool to weaponize its first-party arm in its campaign against competition.



Figure 1. Source: Amazon Q2 2023 Earnings Call.

20. Amazon has imple	emented an algorithm for the express purpose of deterring other
online stores from offering lower	prices.
	Rather than trying to compete, Amazon uses
	Ultimately, this conduct is meant to deter
rivals from attempting to compete	e on price altogether—competition that could bring lower prices
to tens of millions of American h	ouseholds. As a result of this conduct, Amazon predicted,
"prices will go up."	Amazon's prediction has borne out and the
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	Washington, DC 20580

1	algorithm has worked just as envisioned: suppressing price competition by disciplining rival
2	retailers who dare to discount.
3	21. Amazon's various anti-discounting tactics upend the normal give-and-take
4	process of competition. Even rivals that offer lower-cost marketplace services struggle to attract
5	sellers and watch as sellers hike prices on their storefronts due to fear of Amazon's penalties.
6	Many sellers raise their prices off Amazon to avoid punishment. Others never try discounting in
7	the first place; fear of retribution by Amazon drives them to preemptively set higher prices
8	everywhere. Still others simply stop—or never start—selling anywhere other than Amazon to
9	avoid any possibility of Amazon's sanctions.
10	22. By taming price cutters into price followers, Amazon freezes price competition
11	and deprives American shoppers of lower prices.
12	23. Alongside these anti-discounting tactics, Amazon also goes a step further and
13	Amazon created a algorithm internally codenamed
14	"Project Nessie"
15	
16	Amazon has deemed Project
17	Nessie : it has generated more than in excess profit for
18	Amazon.
19	
20	24. Amazon deploys yet another tactic as part of its monopolistic course of conduct.
21	Amazon conditions sellers' ability to be "Prime eligible" on their use of Amazon's order
22	fulfillment service. As with Amazon's anti-discounting tactics, this coercive conduct forecloses
23	Amazon's rivals from drawing a critical mass of sellers or shoppers—thereby depriving them of
24	the scale needed to compete effectively online.
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- 25. Amazon makes Prime eligibility critical for sellers to fully reach Amazon's enormous base of shoppers. In 2021, more than \( \bigcup\_{\circ}^{\omega}\) of all units sold on Amazon in the United States were Prime eligible.
- 26. Prime eligibility is critical for sellers in part because of the enormous reach of Amazon's Prime subscription program. According to public reports, Mr. Bezos told Amazon executives that Prime was created in 2005 to "draw a moat around [Amazon's] best customers." Prime now blankets more than \(\bigcup\_{\pi}\)% of all U.S. households, with its reach extending as far as \(\bigcup\_{\pi}\)% in some zip codes.
- Amazon's fulfillment service, Fulfillment by Amazon ("FBA"), even though many sellers would rather use an alternative fulfillment method to store and package customer orders.
- 28. Many sellers would also prefer to "multihome," simultaneously offering their goods across multiple online sales channels. Multihoming can be an especially critical mechanism of competition in online markets, enabling rivals to overcome the barriers to entry and expansion that scale economies and network effects can create. Multihoming is one way that sellers can reduce their dependence on a single sales channel.
- 29. Sellers could multihome more cheaply and easily by using an independent fulfillment provider—a provider not tied to any one marketplace—to fulfill orders across multiple marketplaces. Permitting independent fulfillment providers to compete for any order—on or off Amazon—would enable them to gain scale and lower their costs to sellers. That, in turn, would make independent providers even more attractive to sellers seeking a single, universal provider. All of this would make it easier for sellers to offer items across a variety of outlets, fostering competition and reducing sellers' dependence on Amazon.

1	30. But by coercively conditioning access to an enormous base of shoppers on sellers
2	use of FBA, Amazon forecloses that world.
3	31. Amazon caught a glimpse of this alternative universe when it temporarily relaxed
4	its coercive conduct. As Amazon recognized, this decision was immediately popular with both
5	shoppers and sellers. But internally,
6	that would threaten Amazon's monopoly power. An
7	Amazon executive explained
8	
9	
10	
11	32. To combat this competitive threat, Amazon resumed its coercive fulfillment
12	conduct: today, virtually all sellers must use Amazon's proprietary FBA service to fully reach
13	Amazon's enormous base of U.S. shoppers.
14	33. Each element of Amazon's monopolistic strategy works to keep its rivals and
15	potential rivals from growing, gaining momentum, and achieving the scale necessary to
16	meaningfully compete against Amazon. The cumulative impact of Amazon's unlawful conduct
17	is greater than the harm caused by any particular element. Each aspect of Amazon's strategy
18	amplifies the exclusionary effects of the others, further insulating Amazon from meaningful
19	competition and further widening the gulf between Amazon and everyone else.
20	34. Together, this self-reinforcing course of conduct blocks every important avenue
21	of competition. With its monopoly power cemented, Amazon is now extracting monopoly
22	profits without denting—and instead while growing—its monopoly power. Amazon has
23	consistently hiked the prices it charges sellers, as shown in Figure 2.
24	

Figure 2. Source: Amazon Internal Documents.

- and a sales in the form of pay-to-play advertisements have been enormously lucrative, leading its revenues from U.S. ad sales to skyrocket from in 2015 to in 2021. Amazon took in in revenue from U.S. Marketplace seller fees in 2021 alone. Strikingly, these seller fees now account for *over* % of Amazon's total profits. Sellers pay. Shoppers get lower-quality search results for higher-priced products. Only Amazon wins.
- 36. In a market free from anticompetitive restraints, Amazon's choice to exploit its monopoly power would create openings for rivals to enter, grow, and meaningfully compete. Rival online marketplaces could draw sellers by offering them lower fees or better terms, and sellers could pass along those lower costs to American shoppers in the form of lower prices. Rival online superstores, meanwhile, could draw shoppers by offering better prices, greater selection, or a superior shopping experience. But Amazon's illegal course of conduct shields Amazon from the competitive checks it would face in a free enterprise system.

1	37. Amazon's illegal monopolistic strategy is paying off for Amazon, but at great cost
2	to tens of millions of American households and hundreds of thousands of sellers.
3	38. Left unchecked, Amazon will continue its illegal course of conduct to maintain its
4	monopoly power. That conduct will include—but will not necessarily be limited to—the
5	schemes it uses today. As Mr. Bezos has said, "on matters of vision we are stubborn and
6	relentless," but "[o]n the details, we at Amazon are always flexible."
7	39. Plaintiffs bring this lawsuit despite Amazon's extensive efforts to impede the
8	government's investigation and hide information about its internal operations. Amazon
9	executives systematically and intentionally
10	of the Signal messaging app. Amazon prejudicially
11	
12	despite Plaintiffs' instructing Amazon not to do so.
13	40. Plaintiffs now ask this Court to put an end to Amazon's illegal course of conduct,
14	pry loose Amazon's monopolistic control, deny Amazon the fruits of its unlawful practices, and
15	restore the lost promise of competition.
16	II. JURISDICTION AND VENUE
17	41. This Court has subject matter jurisdiction over this action pursuant to Section 5(a)
18	of the FTC Act, 15 U.S.C. § 45(a), 15 U.S.C. § 26, 28 U.S.C. §§ 1331, 1337(a), and 1345, and
19	supplemental jurisdiction pursuant to 28 U.S.C. § 1367(a). This Court's exercise of
20	supplemental jurisdiction over State Plaintiffs' state law claims will avoid unnecessary
21	duplication and multiplicity of actions and will promote the interests of judicial economy,
22	convenience, and fairness.
23	42. This Court has personal jurisdiction over Amazon because Amazon has the
24	requisite constitutional contacts with the United States of America pursuant to 15 U.S.C. § 53(b).
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1	I his Court also has personal jurisdiction over Amazon because it maintains its corporate
2	headquarters in Washington, does business in Washington, and has engaged in the illegal
3	conduct alleged herein in Washington, including by making corporate decisions challenged in
4	this matter from its corporate headquarters in Washington.

- 43. Amazon's general business practices, and the unfair methods of competition alleged herein, are activities "in or affecting commerce" within the meaning of Section 5 of the FTC Act, 15 U.S.C. § 45.
- 44. Amazon is, and at all relevant times has been, a corporation, as the term "corporation" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
- 45. Venue in this district is proper under 15 U.S.C. § 22, 28 U.S.C. § 1391(b), (c), and (d), and 15 U.S.C. § 53(b). Amazon is found, resides, transacts business, and has agents in this state and district, and a portion of the affected commerce described herein has been carried out in this state and district.

### III. THE PARTIES

46. Plaintiff FTC is an administrative agency of the United States Government established, organized, and existing pursuant to the FTC Act, 15 U.S.C. § 41, *et seq.*, with its principal offices in the District of Columbia. The FTC is vested with authority and responsibility for enforcing, among other laws, Section 5 of the FTC Act, 15 U.S.C. § 45, and is authorized under Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), to initiate court proceedings to enjoin violations of any law the FTC enforces. This case is proper under Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), because the FTC has reason to believe that Amazon is violating, or is about to violate, Section 5 of the FTC Act, making it appropriate, efficient, and suitable to file this action in federal court with State Plaintiffs to seek the requested relief.

47. Plaintiff State of New York is a sovereign state. The Attorney General of the
State of New York is the chief legal officer for the state and brings this action on behalf of the
people of the State of New York to protect the state, its general economy, and its residents from
Amazon's unlawful business practices. The Attorney General has the authority under federal
and state law, including Section 16 of the Clayton Act and New York Executive Law § 63(12),
to pursue injunctive and other equitable relief to prevent and remedy the harms caused by
anticompetitive conduct.

- 48. Plaintiff State of Connecticut is a sovereign state. The Attorney General of the State of Connecticut is the chief legal officer for the state and brings this action on behalf of the people of the State of Connecticut to protect the state, its general economy, and its residents from Amazon's unlawful business practices. The Attorney General has the authority under federal and state law, including Section 16 of the Clayton Act and the Connecticut Antitrust Act, Conn. Gen. Stat. § 35-24 et seq., and the Attorney General, acting at the request of the Commissioner of Consumer Protection, has the authority under the Connecticut Unfair Trade Practices Act, Conn. Gen. Stat. § 42-110b et seq., to pursue injunctive and other equitable relief to prevent and remedy the harms caused by anticompetitive conduct.
- 49. Plaintiff Commonwealth of Pennsylvania is a sovereign commonwealth state. The Attorney General of the Commonwealth of Pennsylvania is the chief legal officer for the state and brings this action in the name and on behalf of the people of the Commonwealth of Pennsylvania to protect the Commonwealth, its general economy, its residents, and consumers from Amazon's unlawful business practices. The Attorney General has authority under state and federal law, including Section 16 of the Clayton Act, the Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 P.S. §§ 201-4 and 201-4.1, and the Commonwealth Attorneys

Act, 71 P.S. § 732-204(c), to pursue injunctive and other equitable relief to prevent and remedy the harms caused by anticompetitive conduct and unfair and deceptive acts and practices.

- 50. Plaintiff State of Delaware is a sovereign state. The Attorney General of the State of Delaware is the chief legal officer for the state and brings this action in the name and on behalf of the people of the State of Delaware to protect the state, its general economy, and its residents from Amazon's unlawful business practices. The Attorney General has authority under federal and state law, including Section 16 of the Clayton Act and Del. Code Ann. Tit. 6, § 2105, to pursue injunctive and other equitable relief to prevent and remedy the harms caused by anticompetitive conduct.
- 51. Plaintiff State of Maine is a sovereign state. The Attorney General of the State of Maine is the chief legal officer for the state and brings this action in the name and on behalf of the people of the State of Maine to protect the state, its general economy, and its residents from Amazon's unlawful business practices. The Attorney General has authority under state and federal law, including Section 16 of the Clayton Act and the Maine Monopolies and Profiteering Law, 10 M.R.S.A. § 1104, to pursue injunctive and other equitable relief to prevent and remedy the harms caused by anticompetitive conduct.
- 52. Plaintiff State of Maryland is a sovereign state. The Attorney General of the State of Maryland is the chief legal officer for the state and brings this action in the name and on behalf of the people of the State of Maryland to protect the state, its general economy, and its residents from Amazon's unlawful business practices. The Attorney General has authority under state and federal law, including Section 16 of the Clayton Act and Maryland Commercial Code Ann. § 11-201 *et seq.*, to pursue injunctive and other equitable relief to prevent and remedy the harms caused by anticompetitive conduct.

- 53. Plaintiff Commonwealth of Massachusetts is a sovereign state. The Attorney General of the Commonwealth of Massachusetts is the chief legal officer for the state and brings this action on behalf of the people of the Commonwealth of Massachusetts to protect the state, its general economy, and its residents from Amazon's unlawful business practices. The Attorney General has the authority under federal law, including Section 16 of the Clayton Act, to pursue injunctive and other equitable relief to prevent and remedy the harms caused by anticompetitive conduct.
- 54. Plaintiff State of Michigan is a sovereign state. The Attorney General of the State of Michigan is the chief legal officer for the state and brings this action on behalf of the people of the State of Michigan to protect the state, its general economy, and its residents from Defendants' unlawful business practices. The Attorney General has the authority under federal and state law, including Section 16 of the Clayton Act and the Michigan Antitrust Reform Act, MCL 445.771 et seq., to pursue injunctive and other equitable relief to prevent and remedy the harms caused by anticompetitive conduct.
- 55. Plaintiff State of Minnesota is a sovereign state. The Attorney General of the State of Minnesota is the chief legal officer for the state and brings this action on behalf of the people of the State of Minnesota to protect the state, its general economy, and its residents from Amazon's unlawful business practices. The Attorney General has the authority under federal and state law, including Section 16 of the Clayton Act and Minnesota Statute 8.31, to pursue injunctive and other equitable relief to prevent and remedy the harms caused by anticompetitive conduct.
- 56. Plaintiff State of Nevada is a sovereign state. The Attorney General of the State of Nevada is the chief legal officer for the state, and the Consumer Advocate is vested with the authority to enforce Nevada's antitrust laws. The Attorney General, by and through the **COMPLAINT - 15**

1	Consumer Advocate, brings this action on behalf of the people of the State of Nevada to protect
2	the state, its general economy, and its residents from Amazon's unlawful business practices. The
3	Nevada Attorney General and the Consumer Advocate have the authority under federal and state
4	law, including Section 16 of the Clayton Act, and Nev. Rev. Stat. §§ 228.380 and 598A.160, to
5	pursue injunctive and other equitable relief to prevent and remedy the harms caused by
6	anticompetitive conduct.

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- 57. Plaintiff State of New Hampshire is a sovereign state, acting through the Office of the Attorney General, Consumer Protection and Antitrust Bureau to enforce state and federal laws designed to protect free and open markets for the benefit of consumers. The Attorney General brings this action on behalf of the State of New Hampshire to protect the state, its general economy, and its consumers from Amazon's unlawful business practices. The Attorney General has the authority under state and federal law, including Section 16 of the Clayton Act and New Hampshire Combinations and Monopolies Act, N.H. Rev. Stat. Ann. ch. 356 et seq., to pursue injunctive and other equitable relief to prevent and remedy the harms caused by the anticompetitive conduct.
- 58. Plaintiff State of New Jersey is a sovereign state. The Attorney General of the State of New Jersey is the chief legal officer for the state and brings this action in the name and on behalf of the people of the State of New Jersey to protect the state, its general economy, and its residents from Amazon's unlawful business practices. The Attorney General has authority under state and federal law, including Section 16 of the Clayton Act, the New Jersey Antitrust Act, New Jersey Statutes Annotated ("N.J.S.A.") § 56:9-1 to -19 ("NJ ATA"), and the New Jersey Consumer Fraud Act, N.J.S.A. § 56:8-1 to -227 ("NJ CFA"), to pursue injunctive and other equitable relief to prevent and remedy the harms caused by anticompetitive conduct and unfair and deceptive acts and practices. The Director of the New Jersey Division of Consumer COMPLAINT - 16 FEDERAL TRADE COMMISSION CASE NO. \_:\_\_-cv-\_ 600 Pennsylvania Avenue, NW

- 59. Plaintiff State of New Mexico is a sovereign state. The Attorney General of the State of New Mexico is the chief legal officer for the state and brings this action on behalf of the people of the State of New Mexico to protect the state, its general economy, and its residents from Amazon's unlawful business practices. The Attorney General has the authority under federal and state law, including Section 16 of the Clayton Act and Section 10 of the New Mexico Antitrust Act, to pursue injunctive and other equitable relief to prevent and remedy the harms caused by anticompetitive conduct.
- 60. Plaintiff State of Oklahoma is a sovereign state. The Attorney General of the State of Oklahoma is the chief legal officer of the state and brings this action in the name and on behalf of the people of the State of Oklahoma to protect the state, its general economy, and its residents from Amazon's unlawful business practices. The Attorney General has authority under state and federal law, including Section 16 of the Clayton Act and the Oklahoma Antitrust Reform Act, 15 79 O.S. §§ 201, et seq., to pursue injunctive and other equitable relief to prevent and remedy the harms caused by anticompetitive conduct.
- 61. Plaintiff State of Oregon is a sovereign state. The Attorney General of the State of Oregon is the chief legal officer for the state and brings this action on behalf of the people of the State of Oregon to protect the state, its general economy, and its residents from Amazon's unlawful business practices. The Attorney General has the authority under federal and state law including Section 16 of the Clayton Act and the Oregon Antitrust Law, Oregon Revised Statutes

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- 62. Plaintiff State of Rhode Island is a sovereign state. The Attorney General of the State of Rhode Island is the chief legal officer for Rhode Island and brings this action on behalf of the people of the State of Rhode Island to protect Rhode Islanders from Amazon's unlawful business practices. The Attorney General has the authority under federal and state law, including Section 16 of the Clayton Act and Rhode Island General Laws § 6–13.1–1 *et seq.*, to pursue all available types of relief to prevent and remedy the harms caused by anticompetitive conduct.
- 63. Plaintiff State of Wisconsin is a sovereign state. The Attorney General of the State of Wisconsin is the chief legal officer for the state and brings this action on behalf of the people of the State of Wisconsin to protect the state, its general economy, and its residents from Amazon's unlawful business practices. The Attorney General has the authority under federal and state law, including Section 16 of the Clayton Act and Wis. Stat. § 133.03, to pursue injunctive and other equitable relief to prevent and remedy the harms caused by anticompetitive conduct.
- 64. Defendant Amazon is a multinational online retail and technology company that conducts business throughout the United States. Amazon is headquartered in Seattle, Washington, with its principal place of business at 410 Terry Avenue North, Seattle, Washington 98109, and is organized and existing under the laws of Delaware. Unless otherwise specified, "Amazon" refers to Amazon.com, Inc., and all corporate predecessors, subsidiaries, successors, and affiliates.

#### IV. AMAZON'S OPERATIONS

65. Amazon is one of the largest companies in the world, ranked among the five largest publicly traded companies by both market capitalization and revenue. Amazon's

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1	business spans vast portions of the American economy, extending from its core of online retail					
2	into media, cloud computing, brick-and-mortar grocery stores, an array of logistics and					
3	operational services, and more. It has expanded in part through an acquisition spree, buying up					
4	more than 100 companies in sectors spanning entertainment, grocery, and healthcare. Its reach					
5	ranges from selling socks and making movies to running a pharmacy and operating datacenters					
6	that house exabytes of data.					
7	66. The key aspects of Amazon's operations relevant to this Complaint are in	ts:				
8	(1) first-party Retail and third-party Marketplace business units; (2) public-facing online					
9	superstore; (3) advertising services; (4) Prime subscription program; and (5) fulfillment	service.				
10	A. Amazon's First-Party Retail And Third-Party Marketplace Business	s Units				
11	67. Amazon began as an online bookstore in 1994 and rapidly expanded into	new				
12	product categories: first DVDs and CDs, then electronics and toys, and then nearly everything.					
13	In 2020, Amazon sold almost unique products across virtually every conceivable					
14	category to U.S. consumers.					
15	68. Amazon originally sold goods to shoppers by purchasing items wholesal	e and				
16	reselling them on its website. Amazon calls its wholesale suppliers "vendors." Today, Amazon					
17	continues to sell a wide range of products through this type of vendor-retailer relationship, from					
18	laundry detergent to sports equipment.					
19	69. Amazon also sells its own private label goods. These range from device	s like				
20	Amazon's Kindle e-reader or Ring doorbell, to consumer products like batteries sold under the					
21	"Amazon Basics" label, to products without any clear Amazon affiliation, such as dieta	ry				
22	supplements sold under the "Revly" label.					
23	70. These two components, vendor-retailer and private label, make up Amaz	on's				
24	first-party retail business unit, which Amazon refers to collectively as Amazon "Retail."	,				
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up from 55% in 2021.

1	76. A	Amazon's online superstore unites its Retail and Marketplace	arms, with	products	
2	intermixed and p	presented to the public simultaneously and side-by-side. To	a shopper b	rowsing	
3	on Amazon, then	re are no obvious differences between the types of listings, no	or is there a	way to	
4	regularly shop fo	or products sold only by Amazon Retail or Amazon Marketp	lace.		
5	77. A	Amazon has achieved unprecedented scale. In 2021, goods w	orth more t	han 📉	
6	were sold through Amazon's U.S. online store. That amount is larger than the 2021 gross				
7	domestic product of countries.				
8	78. A	Amazon achieved this astonishing scale in part by combining	its Retail ar	nd	
9	Marketplace arms. Amazon's product selection includes popular and frequently purchased items				
10	and a "long tail"	made up of an immense variety of less-frequently purchased	d products.	Products	
11	offered by sellers on Amazon's Marketplace contribute substantially to that "long tail." More				
12	generally, Amazon's sellers dramatically increase Amazon's product selection, which draws				
13	more shoppers to Amazon, which, in turn, attracts more sellers.				
14	79. S	ellers have also made the Marketplace enormously profitable	e for Amazo	n.	
15	Amazon's intern	nal documents show that profits from its U.S. Marketplace to	taled more t	han <b>m</b>	
16	in 2021—	nearly % of its total reported net income for that year.			
17	B. A	Amazon's Online Superstore			
18	80. S	shoppers typically reach Amazon using an internet browser o	r a <mark>dedicat</mark> e	d	
19	Amazon shoppir	ng application ("mobile app") on an internet-connected device	e. Each mo	onth in	
20	the United States	s, 126 million people visit Amazon on a mobile device, and a	nore than 4	2 million	
21	people access A	mazon on a desktop computer.			
22	81. T	There are more than different products available for s	sale on Ama	zon. To	
23	navigate this	product catalog, Amazon offers a search bar. When	ı shoppers e	enter a	
24	search, Amazon	's systems generate a "Search Results Page" that displays pro	oduct listing	gs	
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interspersed with advertisements (discussed in more detail in the next section). Product listings on the Search Results Page typically show a name, picture, price, star rating, shipping speed estimate, and Prime status (or lack thereof) for each item, as shown in Figures 3a (desktop) and 3b (mobile).

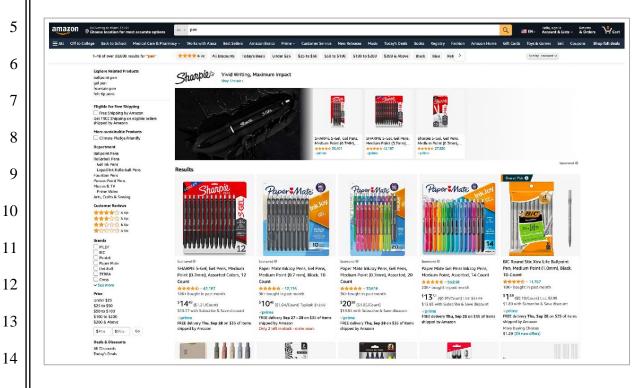


Figure 3a. Amazon Search Results Page, Desktop Browser.

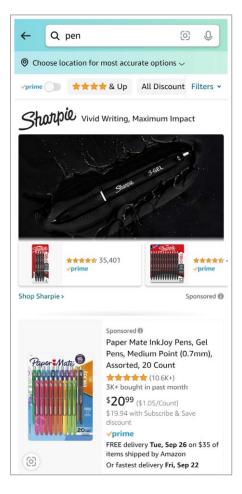


Figure 3b. Amazon Search Results Page, Mobile App.

- 82. If shoppers want to learn more about or purchase an item displayed on the Search Results Page, they must click the product listing, which brings them to the "Detail Page" for that item. An item's Detail Page typically includes a detailed product description, additional pictures, product dimensions or specifications, and customer-generated ratings and reviews.
- 83. Importantly, the Detail Page usually includes a "Buy Box." The Buy Box displays a single offer for that specific item, as shown in Figures 4a (desktop) and 4b (mobile). Shoppers can use the Buy Box to add the displayed item into their online shopping cart ("Add to Cart") or buy the item immediately ("Buy Now").

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Figure 4a. Product Detail Page with Buy Box Enlarged in Red, Desktop Browser.

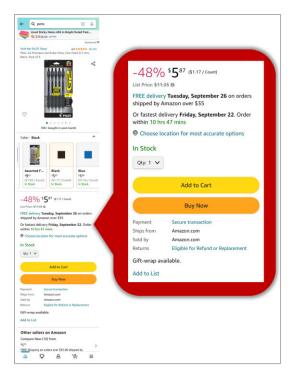


Figure 4b. Product Detail Page with Buy Box Enlarged in Red, Mobile App.

84. An item may be offered by more than one seller on Amazon. When there are multiple offers for a single item, Amazon uses the "Featured Merchant Algorithm" to choose one COMPLAINT - 24

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600 Pennsylvania Avenue, NW Washington, DC 20580 (202) 326-2222 offer to display in the Buy Box. Amazon calls this displayed offer the "Featured Offer." Being chosen as the Featured Offer is commonly known as "winning" the Buy Box.

85. Nearly 6 of all purchases on Amazon are made using the "Add to Cart" and "Buy Now" buttons in the Buy Box. As a result, winning the Buy Box is essential to making sales on Amazon.

86. Amazon deliberately steers shoppers away from offers that are not featured in the Buy Box. If a shopper using a computer wants to see an offer from a seller that is not featured in the Buy Box, the shopper must either click a link that identifies only the number of additional offers, which takes the shopper to the "All Offer Display," as shown in Figure 5a, or scroll down the page to see "Other Sellers on Amazon," which includes a list of additional sellers Amazon has selected. Shoppers using Amazon's mobile app must click on a link labeled "Other Sellers on Amazon" to access the All Offer Display, which opens another page that displays multiple offers, as shown in Figure 5b.

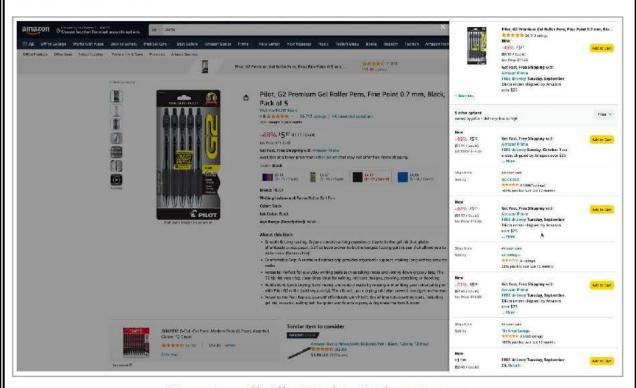


Figure 5a. All Offer Display, Desktop Browser.

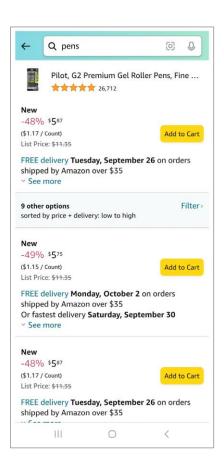


Figure 5b. All Offer Display After Clicking "Other Sellers On Amazon," Mobile App.

87. Amazon makes it similarly difficult for shoppers to make a purchase when Amazon has removed the Buy Box from an item's Detail Page. Amazon's page layout prevents shoppers from adding to a shopping cart or buying any offers directly from the Detail Page, as shown in Figure 6a.

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Ink Refillable 0.5mm Nib Tip 0.3mm Line G2-5 (Pack Of 6)

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Figure 6a. Detail Page Without Buy Box with "See All Buying Options" Link Enlarged in Red,

Figure 6b. Detail Page Without Buy Box with "See All Buying Options" Link Enlarged in Red,

Mobile App.

88. If there is no Buy Box for an item, then shoppers must navigate to the "All Offer Display" by clicking on a link labeled "See All Buying Options," shown in Figures 6a (desktop) and 6b (mobile), above.

COMPLAINT - 27 CASE NO. \_:\_\_-cv-\_\_\_\_ See All Buying Options

1	89.	Fewer than ■% of purchases on Amazon are made from offers outside the Buy				
2	Box.					
3	C.	Amazon's Advertising Services				
4	<mark>90</mark> .	In 2014, Amazon sought to "unleash monetization of Amazon web pages,				
5	devices, and mobile apps"					
6		Amazon saw				
7		Accordingly, Amazon				
8		Amazon also				
9						
10		Amazon was determined				
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12						
13	91.	In 2021, Amazon recorded advertising profits of more than the in the				
14	United State	es.				
15	92.	Each month, advertisements on Amazon reach 96% of all Americans between the				
16	ages of 25 a	and 54.				
17	93.	Amazon's advertisements are shown in connection with specific				
18	customer se	earch queries that lead to Search Results Pages. Historically, Amazon's Search				
19	Results Pag	es displayed mostly organic search results—the results most directly responsive to				
20	the search query.					
21	94.	Today, however, Amazon's Search Results Pages are cluttered with				
22	advertiseme	ents. The types of advertisements on Amazon's Search Results				
23	Pages are "	Sponsored Brand" advertisements, which appear above search results, and				
24	"Sponsored	Product" advertisements, which appear within search results, as shown in Figure 7.				
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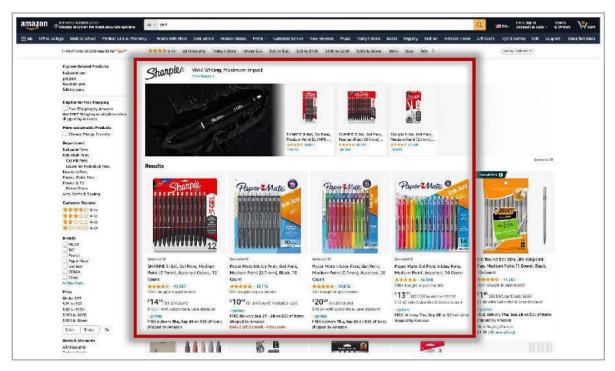


Figure 7. Search Results Page with Sponsored Brand and Sponsored Product Advertisements

Highlighted in Red, Desktop Browser.

- Product advertisements than organic search results.

  These advertisements typically occupy the most desirable space on the Search Results Page

  Since % of Amazon shoppers do not click past the first Search Results Page, they often see more Sponsored Brand and Sponsored Product advertisements than organic search results.
- 96. At the same time, Amazon typically buries organic search results beneath advertisements, making them harder to find and less likely to be clicked. In Figure 8a (desktop), no organic search results appear in the first row. The first four results are "Sponsored" advertisements, and the fifth is another non-organic result known as a "recommendation widget." In Figure 8b (mobile), the top two results are "Sponsored" advertisements, and the third is a recommendation widget.

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Q pen [0] 0 Choose location for most accurate options Shorpie Vivid Writing, Maximum Impact Shop Sharpie > Sponsored (1) Paper Mate InkJoy Pens, Gel Pens, Medium Point (0.7mm), Assorted, 20 Count ★★★★★ (10.6K+) 3K+ bought in past month \$20<sup>99</sup> (\$1.05/Count) \$19.94 with Subscribe & Save FREE delivery **Tue, Sep 26** on \$35 of items shipped by Amazon Or fastest delivery Fri, Sep 22 SHARPIE S-Gel, Gel Pens. Medium Point (0.7mm), Assorted Colors, 12 Count ★★★☆ (42.1K+) 10K+ bought in past month \$14<sup>49</sup> (\$1.21/Count) √prime FREE delivery Tue, Sep 26 on \$35 of Or fastest delivery Fri, Sep 22 BIC Round Stic Xtra Life Ballpoint Pen, Medium Point (1.0mm), Black, 10-Count Tungsten Carbide ★★★☆ (11.7K+) 10K+ bought in past month \$189 (\$0.19/Count) List: \$2.99 \$1.80 with Subscribe & Save discount FREE delivery **Tue**, **Sep 26** on \$35 of items shipped by Amazon Or fastest delivery Fri, Sep 22 UIXJODO Gel Pens, 5 Pcs 0.5mm Japanese Black Ink Pens Fine Point Smooth... ★★★☆ (2.2K+) 8K+ bought in past month \$879 List: \$9.99 \$8.35 with Subscribe & Save discount ·Q: 8 2  $\equiv$ 

Figure 8b. Search Results Page with Sponsored Product Advertisements Highlighted in Red,

Mobile App.

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97. For shoppers on mobile devices, Sponsored Brand and Sponsored Product advertisements are often the only results visible without scrolling, as shown in Figure 8c.

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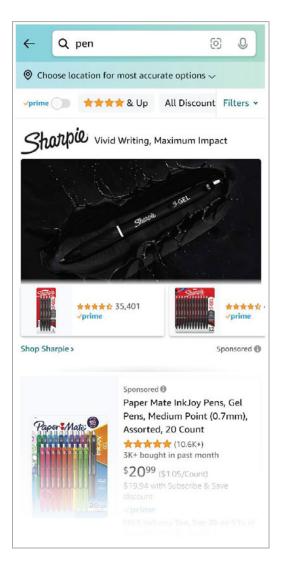


Figure 8c. Search Results Page Showing Visible Screen, Mobile App.

### **D.** Amazon Prime

98. Amazon runs a subscription program called Amazon Prime. Amazon launched Prime in 2005 as a shipping subscription. For an annual fee of \$79, subscribers bought unlimited shipping on eligible items, at no per-order cost to shoppers. Amazon today continues to include a shipping service as part of Prime, with an unlimited two-day shipping promise on eligible items at no per-order cost.

1	99. Over time, Amazon has expanded Prime from a shipping program to a
2	subscription that is, in Amazon's internal assessment,
3	It includes a broad combination of products and
4	services, including many that are unrelated to online retail shopping, such as: (1) Prime Video, a
5	video-on-demand and streaming service; (2) Amazon Music Prime, an ad-free music streaming
6	service; (3) Prime Gaming, a video gaming service that includes downloadable games, exclusive
7	in-game content, and channel subscriptions and badges on Twitch, a livestreaming service
8	Amazon acquired for nearly \$1 billion in 2014; and (4) RxPass, which provides access to a list of
9	eligible prescription medications, including shipping, for a flat \$5 per month fee. Prime
10	subscribers also receive access to exclusive online shopping discounts and promotions such as
11	"Prime Day," a highly publicized annual promotion with exclusive deals for Prime subscribers.
12	100. Amazon has increased the subscription fee for Prime from the original \$79 to
13	nearly double that price, at \$139 per year, with a monthly subscription priced at \$14.99.
14	101. Amazon charges a Prime subscription fee primarily to
15	As Amazon puts it,
16	The Prime subscription fee makes subscribers feel as though they must
17	make the subscription fee worth it by making more purchases on Amazon. A former Amazon
18	employee who was involved in the development of Prime explained that Prime pricing "was
19	never really about the seventy-nine dollars. It was really about changing people's mentality so
20	they wouldn't shop anywhere else."
21	102. According to Amazon's internal analyses,
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23	Accordingly, the average Prime subscriber
24	spends each year on Amazon than the average non-Prime Amazon shopper.
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Conversely, consumers who are not Prime subscribers are

Amazon's rivals' analyses also show a

Sharple Vivid Writing, Maximum Impact

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As shown in Figures 9a (desktop) and 9b (mobile), Amazon displays a "Prime 103. Badge" to show Prime subscribers which items are eligible for the prepaid unlimited shipping included in the Prime subscription.

\*\*\*\* \$ 45 All Discounts Tooksy Dooks Under \$25 \$25 to \$50 \$50 to \$100 to \$250 \$220 \$ Above Stock Share

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amazon @Cambridge 02146

1 43 of over 30,000 results for "per

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Arts, Crofics & Senting Paper Mate Customer Reviews UIXIOOO Gel Pens, 5 Pes 0 \$1351 (SGS 7/Count) List \$41.09 \$14<sup>49</sup> (\$1.23/Count) In Subscribe & Save de \$12° (\$1.3° (XCound)) \$20<sup>56</sup> (\$1.25/Coart) 5879 List 19-16

Figure 9a. Search Results Page with Prime Badges Highlighted in Red, Desktop Browser.

EN+ Account & Lives - 5 Orders

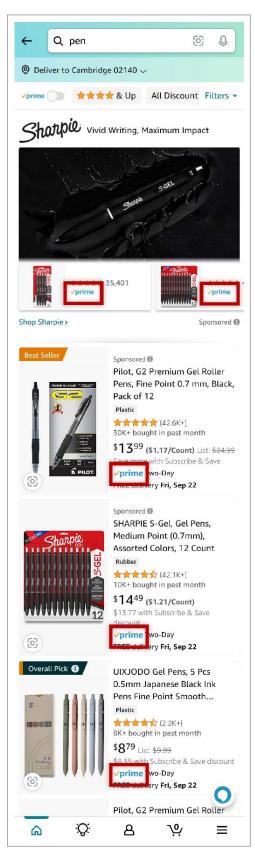


Figure 9b. Search Results Page with Prime Badges Highlighted in Red, Mobile App.

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104. Amazon's interfaces let Prime subscribers filter their searches to display only Prime-eligible offers. On the top left-hand side of Amazon's desktop webpage and mobile app, Amazon displays a "Prime" filter. Once a shopper selects the filter, only Prime-eligible offers appear in search results, as shown in Figures 10a (desktop) and 10b (mobile).

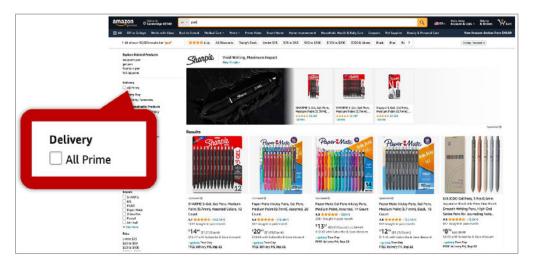


Figure 10a. Search Results Page with Prime Filter Enlarged in Red, Desktop Browser.

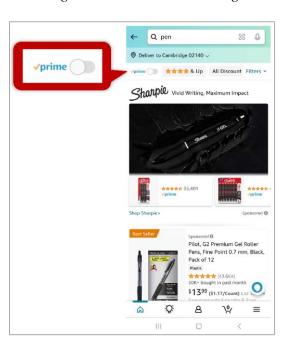


Figure 10b. Search Results Page with Prime Filter Enlarged in Red, Mobile App.

For Amazon, signing up and maintaining as many Prime subscribers as possible is

a top priority. In service of this goal, Amazon has even knowingly tricked shoppers into signing FEDERAL TRADE COMMISSION 600 Pennsylvania Avenue, NW Washington, DC 20580

(202) 326-2222

1	up for Prime and actively thwarted their efforts to cancel their subscriptions. Amazon internally
2	admits to using for its user interfaces "to mislead or trick users to make
3	them do something they didn't want to do, like signing up for a recurring bill,
4	At multiple points, Amazon considered
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7	Amazon constructed a cancellation process so lengthy, arduous,
8	and complex that it was internally codenamed the "Iliad Flow," after Homer's 15,693-line epic
9	poem.
10	106. As of late 2021, nearly people in the United States— % of U.S.
11	households—were enrolled in Prime. In some zip codes, more than \(\bigcup_{\circ}\)% of households have a
12	Prime subscriber. Amazon's U.S. Prime subscriber base is larger than the populations of
13	Amazon projects that by 2024, % of all U.S. households
14	and that Prime enrollment will be
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24	Figure 11. Source: Amazon Internal Documents.
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1	107.	In 2021, Prime subscriber purchases accounted for more than \(\bigcup_{\pi}\)% of the
2	purchases by	dollar amount on Amazon's U.S. online superstore. And in 2021 alone, U.S.
3	customers pai	d Amazon more than in Prime subscription fees.
4	E.	Fulfillment By Amazon
5	108.	Amazon sells fulfillment services and facilitates delivery under the name
6	"Fulfillment b	by Amazon," which is commonly abbreviated to "FBA." Sellers can use FBA to
7	fulfill orders n	nade on Amazon.
8	109.	"Fulfillment" refers to the process of preparing items for shipping to "fulfill"
9	online orders.	Fulfillment involves storing, picking (retrieving from storage), packaging, and
10	preparing iten	ns purchased from online retail stores for delivery. Fulfillment operations generally
11	occur within a	specialized warehouse called a "fulfillment center."
12	110.	For most online sellers, fulfillment is a significant business cost.
13	111.	Delivery is a related but distinct service. "Delivery" refers to the specific process
14	of transporting	g a package from a fulfillment center to a customer's chosen address. One
15	company may	fulfill an order, then transfer the package to a different company for delivery. For
16	example, a ful	fillment provider may hand a package off to a parcel carrier like the U.S. Postal
17	Service, FedE	x, or UPS, to complete delivery.
18	112.	Amazon both fulfills and delivers products purchased on its online superstore. In
19	2021, Amazor	n fulfilled nearly 6 of all orders made on Amazon across both its Marketplace
20	and Retail bus	siness units. Amazon delivers products itself or contracts with a third-party
21	delivery comp	oany to do so. Amazon has estimated that it now makes more deliveries in the
22	United States	than any other company.
23	113.	When online shoppers buy an item, they also expect fulfillment and delivery of
24	that item.	
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1	114. When a seller uses FBA, Amazon charges the seller for storing their items and
2	charges the seller a fee based on the dimensions and weight of the product when it is purchased.
3	115. Amazon has increased the fulfillment fees it charges to sellers by approximately
4	30% in just two years, from 2020 to 2022.
5	116. As explained in Part VI.B, below, sellers have little choice but to use FBA. In
6	2020, more than seed sellers used FBA to fulfill more than seed orders in the United
7	States.
8	V. AMAZON POSSESSES MONOPOLY POWER IN TWO RELEVANT MARKETS
9	117. Structural and direct evidence show that Amazon has monopoly power in two
10	markets: (1) the online superstore market and (2) the market for online marketplace services
11	(together, the "relevant markets").
12	118. The structural evidence of monopoly power in both markets includes Amazon's
13	dominant market shares and the presence of significant barriers to entry, including powerful
14	network effects and strong economies of scale. These markets and their individual barriers to
15	entry are discussed further in Parts V.A and V.B, below.
16	119. Feedback loops between the two relevant markets further demonstrate the critical
17	importance of scale and network effects in these markets. While the markets for online
18	superstores and online marketplace services are distinct, an online superstore may operate an
19	online marketplace and offer associated online marketplace services to sellers. As a result, the
20	relationship and feedback loops between the two relevant markets can create powerful barriers to
21	entry in both markets. Amazon offers an illustration of this dynamic: Amazon's base of
22	shoppers in the online superstore market attracts sellers to buy services from Amazon in the
23	online marketplace services market. Amazon in turn relies on those sellers to increase the
24	breadth and depth of goods offered on Amazon's online superstore, which further draws
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1	shoppers to A	mazon. In addition, Amazon imposes restrictions on how shoppers can purchase
2	its Prime sub	scription program to artificially increase barriers to entry in the online superstore
3	and online ma	arketplace services markets. These scale and network effects reinforce Amazon's
4	monopoly po	wer in both relevant markets, as explained in Part V.C, below.
5	120.	Direct evidence also demonstrates Amazon's monopoly power. Amazon has
6	continually ex	xercised its monopoly power and degraded the customer experience
7		
8		Amazon worsens quality and hikes prices for both shoppers and
9	sellers, all wi	thout denting—and while in fact expanding— its dominance. This and other direc
10	evidence of A	amazon's monopoly power are discussed further in Part V.D, below.
11	A.	Amazon Has Durable Monopoly Power In The Online Superstore Market
12	121.	Amazon has durable monopoly power in the online superstore market.
13		1. The U.S. online superstore market is a relevant market
14	122.	The online superstore market is a relevant product market. Online superstores
15	compete to be	nild long-term relationships with consumers across multiple purchases of a variety
16	of items. On	ine superstores do so by offering a distinct set of features that reduce time and
17	effort for sho	ppers online, thereby encouraging shoppers to return to those online superstores for
18	a broad swath	of goods. Because of these and other features, brick-and-mortar stores and online
19	stores with a	more limited selection are not reasonably interchangeable with online superstores
20	for the same j	ourposes and are thus properly excluded from the online superstore market.
21	123.	The relevant geographic market is the United States.
22		a. Online superstores offer shoppers a unique set of features
23	124.	An online superstore offers an extensive breadth and depth of product selection
24	accessible thr	ough an online storefront. "Breadth" refers to product offerings across multiple
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categories, such as sporting goods, kitchen goods, apparel, and consumer electronics. "Depth" refers to product selection within a given product category, such as a range of different brands of a product with different price points, levels of quality, sizes, and colors.

- 125. Consumers incur shopping costs beyond the prices paid for purchased items. For example, when considering a purchase, shoppers must determine which stores carry specific items. Shoppers then often conduct research, including learning about the items' prices and features, reading consumer reviews, and comparing similar items. Shoppers value stores that reduce search costs and the ability to discover new items that they may not have been initially searching for while shopping. Many consumers also value shopping for different types of goods at a single store to reduce overall shopping costs.
- 126. Online superstores provide shoppers a unique offering: 24/7 access to a broad and deep product selection accompanied by a distinct set of features that meaningfully reduce the time and effort shoppers expend online. These features include tools to help shoppers quickly search for and identify their desired items, compare different items, and purchase and receive items, all from a single website or app. Online superstores provide these features to develop long-term relationships with shoppers, entice shoppers to buy more products during a single shopping trip, and encourage them to come back again.
- 127. Several characteristics distinguish online superstores from other forms of retail, including brick-and-mortar stores and online stores with comparatively limited selection.
- and diverse selection of goods from multiple brands across a wide range of categories, reducing consumers' shopping costs and encouraging customers to make an online superstore a preferred destination for a variety of shopping needs.

- 129. By offering a broad selection, online superstores reduce the shopping costs of visiting multiple stores for goods spanning multiple categories. By offering a deep selection within any given category, online superstores decrease the shopping costs of visiting multiple category-specific or brand-specific stores to identify the best options.
- shoppers to return to and shop at those stores more regularly. Shopping regularly at the same online superstore leads to reduced shopping costs by increasing shoppers' familiarity with an online superstore's format, features, offerings, and customer service process. Repeated use of an online superstore can also provide confidence about its reputation and quality. Increased familiarity, a positive reputation, and perceived high quality all make it more likely that a shopper will choose an online superstore as a preferred destination for purchasing retail goods online.
- 131. Industry participants, including Amazon, have long recognized an online superstore's unique ability to leverage a broad and deep selection of goods to compete for repeat customers. For example, Mr. Bezos explained in his 1999 letter to Amazon shareholders that "[e]ach new product and service we offer makes us more relevant to a wider group of customers and can increase the frequency with which they visit our store. . . . The more frequently customers visit our store, the less time, energy, and marketing investment is required to get them to come back again."
- 132. Second, online superstores are not limited to traditional operating hours that constrain brick-and-mortar retailers. Instead, online superstores offer a quick, on-demand shopping experience at all times of the day or night. Online superstores allow shoppers to browse and buy across a wide variety of goods 24 hours a day, 7 days a week, 365 days a year.

  Shoppers can also pause and resume their shopping session on an online superstore at any time.

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1	133. Third, shoppers can make purchases on online superstores anywhere they have
2	internet access, through a website or an app on a desktop, tablet, or smart phone.
3	134. Fourth, online superstores offer sophisticated filtering and discovery tools,
4	allowing shoppers to browse and sift through the store's entire catalog quickly and efficiently.
5	135. Online superstores also have access to data on items consumers have previously
6	searched for and purchased. Online superstores may use this data to offer repeat visitors tailored
7	and personalized shopping experiences that can, for example, include recommendations for
8	future purchases based on past search or purchase behavior.
9	136. Fifth, online superstores offer research tools, including detailed information on a
10	given item and a large volume of authentic, customer-generated ratings and reviews. Online
11	superstores give shoppers a single point of access to these research tools, including text
12	descriptions, photos, videos, and user reviews. The product detail pages available on online
13	superstores often include far more information than physical packaging can accommodate. For
14	example, a product detail page can include links to user guides and product documentation that
15	would otherwise only be accessible inside of a product's packaging.
16	137. Sixth, online superstores provide shoppers a familiar and convenient checkout
17	experience. Online superstores reduce shopping costs by allowing customers to store personal
18	information like payment details, home addresses, passwords, and other sensitive information.
19	For example, Mr. Bezos
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22	138. Seventh, online superstores offer shoppers a convenient and consolidated post-
23	purchase experience. Shoppers who buy multiple items from an online superstore can often
24	schedule them to be delivered together, limiting the need to keep track of multiple delivery times
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139. This combination of features distinguishes online superstores from brick-andmortar stores and from other online stores with comparatively limited selection. Even though such stores may price certain items comparably with online superstores, shoppers do not seriously consider those stores as reasonable alternatives to online superstores for a significant portion of their shopping needs. Online superstores differentiate themselves by offering a particular shopping experience to the sizeable group of consumers who view that experience as distinct and prefer to shop at online superstores.

### Online superstores are not reasonably interchangeable with brick-and-mortar stores

- 140. Online superstores are distinct from, and not reasonably interchangeable with, brick-and-mortar stores. From start to finish, online superstores provide a vastly different shopping experience from physical stores.
- 141. Unlike online superstores, brick-and-mortar stores require shoppers to travel to a specific location. As Mr. Bezos noted in his 2020 letter to Amazon shareholders, "[r]esearch suggests the typical physical store trip takes about an hour" and requires "driving, parking, searching store aisles, waiting in the checkout line, finding your car, and driving home." Mr. Bezos contrasted this experience with shopping on Amazon, where more than a quarter of all purchases are completed "in three minutes or less," and half of all purchases take less than fifteen minutes.
- 142. Brick-and-mortar stores can display only items that fit on the store's limited physical shelf space, while online superstores can offer a practically unlimited number of items for sale. As Amazon's then-Vice President of Physical Stores explained in 2018, "whenever you COMPLAINT - 44 FEDERAL TRADE COMMISSION CASE NO. : -cv-

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1	are working offline, you can't have the endless aisle that you have online, and so when you're
2	working offline you really have to curate."
3	143. Amazon recognizes that its unlimited shelf space appeals to shoppers and
4	distinguishes its online store from brick-and-mortar stores. As Amazon has reminded its
5	shareholders every year since 1998, "[w]e brought [shoppers] much more selection than was
6	possible in a physical store and presented it in a useful, easy-to-search, and easy-to-browse
7	format in a store open 365 days a year, 24 hours a day."
8	144. Amazon internally contrasts the benefits of the depth of selection available in its
9	online superstore with the "clear gaps" in selection at physical stores. As shown in Figure 12
10	below, an Amazon presentation
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13	Figure 12. Amazon Slide
14	Source: Amazon Internal Documents.
15	145. Brick-and-mortar stores also cannot tailor or personalize a consumer's shopping
16	experience in the same way an online superstore can. Physical stores have the same layout for
17	any shopper browsing their selection at any given time.
18	146. The process of searching and shopping for items at brick-and-mortar stores is
19	much different than the process of searching and shopping on an online superstore. Shoppers on

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1	purchased items home immediately. As Amazon's then-Vice President of Physical Stores
2	explained in a 2018 interview, "another thing you can do in offline retail that you can't do online
3	is customers can come in and touch the products themselves try those products first person,
4	get a feel for them, [and] talk to an associate."
5	147. Online and brick-and-mortar stores also involve distinct operations. Because
6	different expertise is required to manage an online store, companies that operate both typically
7	run them through separate divisions. For example,
8	
9	Amazon's CEO, Andy Jassy, has publicly emphasized
10	that "[t]he things you think about in physical retail" from an operational perspective, like
11	"lighting," "parking," and "physical merchandising," are "radically different things than you
12	think about in an online retail environment where technology is really driving the entire
13	experience."
14	c. Online superstores are not reasonably interchangeable with
15	other online stores that lack breadth and depth of product
16	selection
17	148. Online superstores are also distinct from, and not reasonably interchangeable
18	with, online stores with limited product selection, including online stores that offer products
19	primarily from a single brand. Whether considered individually or collectively, online stores
20	with limited selection are not reasonable substitutes to become a shopper's preferred destination
21	for their online purchases for a broad swath of retail goods. Shopping at numerous limited-
22	selection online stores increases shopping costs, both for individual shopping needs and in
23	aggregate across a customer's total purchases. Consumers' overall shopping costs would
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increase dramatically if they tried to replace online superstores with shopping at multiple

- Some consumers may prefer to shop at limited-selection online stores for certain items. For example, a consumer may turn to such an online store because it specializes in unique or niche goods not available on an online superstore, because the shopper has particular brand loyalty, because the shopper finds the online store particularly trustworthy and reliable (because, for example, it screens for counterfeit goods or fake reviews), or because the non-superstore
- Limited-selection online stores do not provide an experience that is reasonably interchangeable with an online superstore because, individually and collectively, they cannot effectively compete to become a shopper's preferred destination for online purchases given the increased shopping costs associated with shopping at online stores that lack the breadth and
- Online stores with a limited product selection lack breadth. A shopper who must visit multiple online stores to compile a set of desired goods across different product categories faces higher shopping costs than a shopper who can search for and complete those cross-category
- RainOrShineGolf.com—a retailer of indoor golf simulator equipment—is an illustrative example of an online store that lacks the breadth of an online superstore. Golf simulator equipment such as golf ball launch monitors, mats, nets for hitting balls, and software to analyze performance collectively allow a customer to practice golf indoors. While Rain or Shine Golf and Amazon both sell indoor golf simulator equipment, they offer consumers different shopping experiences and a vastly different overall product due to the difference between the breadth of product selection at each online store. Shoppers may choose Rain or COMPLAINT - 48 CASE NO. \_:\_\_-cv-\_

Shine Golf for occasional category-specific purchases, but due to its limited breadth it could not become a consumer's preferred destination for a broad swath of other online purchases.

- 153. Unlike limited-selection online stores, an online superstore offers a single destination for a shopper to browse, buy, and return to for repeat purchases of a much wider array of goods. On an online superstore like Amazon, shopping for a golf simulator may also yield cross-category suggestions for accessories like golf gloves, golf clubs, or golf bag push carts. Moreover, if the need arises or mood strikes, a consumer shopping on an online superstore like Amazon could resupply the correct size of kitchen trash bags they previously purchased and add a new board game that the online superstore recommends based on their prior shopping behavior, all during a single shopping session. By contrast, a consumer who uses Rain or Shine Golf to buy a golf simulator but would also like to make a set of additional purchases would need to visit and do business with numerous other online stores. Those visits would incur the added shopping costs of finding those additional items, completing the various purchase processes with different logins and credentials (if the shopper can remember them), and arranging for multiple deliveries.
- 154. Many online stores that lack breadth of product selection also lack depth, especially online stores that primarily or exclusively feature their own brands. A shopper forced to visit multiple online stores to find the specific item that matches their needs faces higher shopping costs than a shopper who can compare across a depth of options for that item on an online superstore.
- Tumi.com is another illustrative example. Shoppers can purchase a range of 155. luggage, backpacks, and bags at Tumi.com, but the items sold at Tumi.com are primarily Tumi's own brand, limiting the depth of options for any particular item. By contrast, a shopper looking for luggage on an online superstore like Amazon can browse across options from a wide variety COMPLAINT - 49

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of brands that may include Tumi as well as other brands. The shopper can peruse these options by filtering across features like brand, price point, size, and colors without incurring the 2 additional search costs present in visiting all of the online stores operated by each brand. 3 Furthermore, the breadth and depth of product selection on online superstores 4 5 increases access to valuable cross-category consumer data. This data amplifies the ability of online superstores to provide shoppers with tailored and personalized shopping experiences. As 6 7 an online superstore, for example, Amazon recognizes in internal documents that 8 9 10 These additional capabilities of online superstores influence consumers' shopping 11 157. behavior. 12 13 14 158. Because limited-selection online stores do not have the same breadth and depth of selection offered by online superstores, they have access to less consumer data across categories 15 and cannot replicate the personalization features of online superstores, reducing the ability of 16 limited-selection online stores to compete with online superstores. 17 Online superstores treat rival online superstores differently than limited-selection 18 159. 19 stores. For example, Amazon does not allow other online superstores like Walmart.com to sell 20 through Amazon. Yet Amazon encourages hundreds of thousands of sellers—including well-21 known brands that sell through their own online stores or limited-selection online stores—to do 22 23 24 COMPLAINT - 50 FEDERAL TRADE COMMISSION

# d. The online perishable grocery category is properly excluded from the online superstore market

- 160. Online purchases of perishable grocery products are not part of the online superstore market. Perishable groceries are foods that cannot be safely stored at room temperature, including fresh fruits and vegetables, raw meat, and frozen items. Though some online superstores may also offer online purchases of perishable grocery products, this distinct business line is not part of the relevant market and is excluded from the market share numbers in Part V.A.2, below.
- 161. Consumers' experiences when shopping online for perishable groceries differ from their experiences purchasing other retail goods. For example, consumers shopping for online perishable grocery products typically must select a specific time for the perishable grocery products to be delivered, which often also requires the customer to be present at the time of delivery to be able to promptly store those items. Both Walmart.com's and Amazon's online perishable grocery businesses require shoppers to choose a delivery window or "time slot." Neither Walmart.com nor Amazon typically require shoppers to choose time slots when purchasing other products online.
- 162. The process for packaging and delivering perishable groceries to shoppers who ordered them online also differs from non-perishable grocery orders. Perishable groceries require special handling, often including refrigeration or freezing, as well as quick and careful delivery to avoid damage or rot. As such, perishable grocery delivery requires specialized storage facilities with refrigeration systems that serve a smaller geographic footprint.
- 163. Competition for online perishable grocery sales is also different from competition between online superstores. Competition for online perishable grocery sales is generally more localized, whereas online superstore competition is nationwide. This difference is because COMPLAINT 51

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grocery quality and shelf life are seasonal and regional. For example, perishable fruit may be available only during certain times and in certain regions. As a result, Amazon

#### e. The relevant geographic market is the United States

market. Online superstores that serve consumers shopping for items to be delivered within the United States generally do not compete for those consumers with online superstores that primarily serve consumers shopping for items to be delivered outside of the United States.

Consumers shopping online for items to be delivered within the United States generally make purchases from market participants' U.S. businesses and U.S.-facing online stores. For example, Amazon operates an online storefront for shoppers in the United States (Amazon.com) separately from its storefront for shoppers in the United Kingdom (Amazon.co.uk). The difference is not just in their URLs; rather, despite being in the same language, they offer different products, at different prices, under different shipping terms, and present unique search results and advertisements.

165. Online superstores that primarily serve shoppers seeking delivery outside the United States are not reasonable substitutes for shoppers seeking delivery within the United States because they offer a shopping experience tailored to those other countries, with different currencies, prices, customs and border control conditions, and shipping terms. In the ordinary course of business, industry participants identify competitors for U.S. shoppers separately from competitors that serve shoppers seeking items to be delivered to other countries.

1	2. Amazon has a dominant share of the online superstore market
2	166. Amazon maintains a dominant market share when compared to other online
3	superstores. Documents and data, both from Amazon and industry analysts, confirm that
4	Amazon's share of the overall value of goods sold by online superstores is well above 60%—and
5	rising.
6	167. Amazon's market share, when considered in conjunction with other
7	characteristics of the online superstore market including its significant barriers to entry (see Parts
8	V.A.3 and V.C, below), demonstrates Amazon's monopoly power.
9	168. Gross Merchandise Value ("GMV") measures the total sales value of goods sold
10	to customers during a given time period and is commonly used to track the market share of
11	online stores. Other financial indicators, such as revenue or net sales, may factor in commission
12	fees or discounts that can vary both within a single store and across different stores. GMV does
13	not. Accordingly, a calculation of Amazon's GMV captures the total value of goods sold
14	through both its Retail and Marketplace arms. Third-party reports, including those utilized by
15	Amazon, regularly use GMV to compare Amazon to other firms.
16	169. When measured by GMV, Amazon's business vastly overshadows that of all
17	other online stores in the United States.
18	170. Industry analysts and industry participants often track Amazon's U.S. online store
19	by reference to Walmart, Target, and eBay. According to third-party reports that assess market
20	share across these "top-4 general merchandise platforms," Amazon has maintained an estimated
21	market share of more than 69% of GMV since 2015, with that share growing over time.
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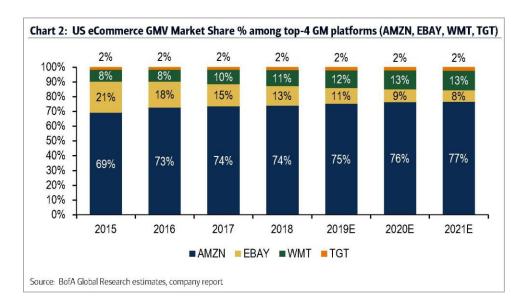


Figure 13. Bank of America Global Research.

171. Other commercially available data, including recently reported statistics from eMarketer Insider Intelligence, a widely cited industry market research firm, confirms Amazon's sustained dominance across this same set of companies, with an estimated market share of more than 82% of GMV in 2022.

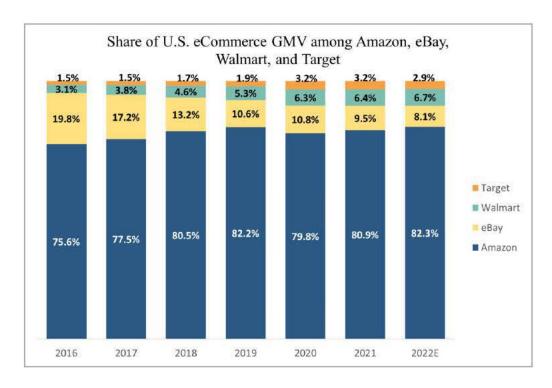
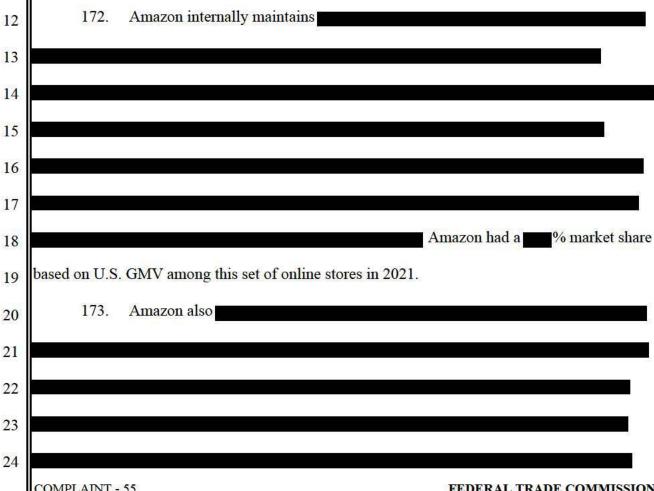


Figure 14. Source: eMarketer Insider Intelligence (percentages rounded).



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2	Amazon uses
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6	174. Amazon considers
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12	175.
13	Amazon still had a seed on U.S. eCommerce GMV (excluding
14	online perishable grocery sales) among this set of online stores in 2021.
15	3. Amazon's dominant position in the online superstore market is
16	protected by significant barriers to entry
17	176. Significant barriers limit entry into the online superstore market including scale
18	economies and network effects, reputational barriers, and shopper switching costs. Feedback
19	loops between online superstores and the online marketplace services market also contribute to a
20	unique barrier to entry, as discussed in Part V.C, below.
21	177. Scale is a critical factor for success in the online superstore market. Amazon
22	itself has touted its scale as a key differentiator from medium-sized or single-category online
23	stores. Mr. Bezos wrote that "[o]nline selling (relative to traditional retailing) is a scale business
24	characterized by high fixed costs and relatively low variable costs. This makes it difficult to be a
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- 178. The online superstore market is also characterized by network effects, where the value of the service increases as more people use it. Network effects are not intrinsically harmful, but they can present barriers to entry and to competition, reinforcing market power and insulating incumbents.
- 179. One aspect of the importance of scale and related network effects in the online superstore market stems from user-generated reviews. For example, as Amazon's shopper base has grown, so too has the number of product ratings and reviews available on its store, a feedback loop that further draws in new shoppers by enabling them to quickly learn more about unfamiliar products or sellers. In other words, by leaving helpful ratings and reviews, Amazon's shoppers themselves provide immense value to future Amazon shoppers. Amazon benefits from this self-reinforcing dynamic, which would be difficult and expensive for new entrants to reproduce.
- 180. Another source of network effects in the online superstore market is access to valuable shopper data, which allows online superstores to tailor and personalize shopping experiences. For example, Amazon records information about the items a shopper searches for, views, places in their cart, and pays for, and the mechanism the shopper uses to pay. This type of data allows an online superstore to streamline a shopping experience and target specific products to certain customers. As with other network effects, the more scale an online superstore

- 181. The online superstore market also exhibits reputational barriers to entry.

  Reputational barriers to entry arise when entrants need to establish trust among customers to compete meaningfully against incumbents. Because online superstores allow and encourage repeat purchasing, they are able to develop positive reputations with shoppers that a prospective entrant starting from scratch would need to cultivate.
- Mr. Bezos recognized this dynamic and its implications in a speech in 1998, stating that "switching costs long-term . . . should actually be higher in the online world than in the physical world" because "[i]n the online world, businesses have the opportunity to develop very deep relationships with customers, both through accepting preferences of customers and then observing their purchase behavior over time, so that you can get that individualized knowledge of the customer and use that individualized knowledge of the customer to accelerate their discovery process." For example, Amazon retains shoppers' payment, shipping, and order history information. Switching to a new online superstore would require reentering payment and shipping information and forgoing the benefits of viewing past order history. Shoppers also develop routines while shopping at online superstores that can be difficult to break, particularly given the additional costs of gaining familiarity with the format, features, and policies of a different store.
- 183. Finally, as described in detail below in Part VI, Amazon engages in an illegal course of conduct that raises barriers to entry and competition, making it artificially and substantially more costly and time-consuming for would-be competitors to enter the online superstore market.

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#### В. Amazon Has Durable Monopoly Power In The Online Marketplace Services 1 Market 2 184. Amazon has durable monopoly power in the online marketplace services market. 3 185. Online marketplace services include: (a) access to a significant base of shoppers 4 5 in the United States who use the online marketplace to find and buy goods; (b) an interface for consumer search that allows sellers' products to be discovered and purchased without shoppers 6 needing to leave the online marketplace; (c) the ability for sellers to set the prices for their goods 7 8 on the online marketplace; (d) the ability for sellers to create and maintain product detail pages with product information and specifications on the online marketplace; and (e) the ability for 9 sellers to display to potential shoppers on the online marketplace an array of customer-generated 10 11 ratings and reviews. 1. 12 Online marketplace services is a relevant market 186. Online marketplace services is a relevant product market. Online marketplaces 13 offer sellers a distinct set of services. Chief among these services is access to an established 14 15 online U.S. customer base. Purchasing online marketplace services is not reasonably 16 interchangeable with selling as a vendor to either an online or a brick-and-mortar retail store. 17 Nor are online marketplace services reasonably interchangeable with the offerings of online software-as-a-service providers. Some providers of online marketplace services also offer 18 19 fulfillment services, which sellers can purchase in addition to online marketplace services. 20 187. The relevant geographic market for online marketplace services, which provide 21 sellers access to U.S. shoppers, is worldwide. 22 Online marketplace services offer sellers a unique set of features a. 23 188. Online marketplace services encompass a suite of services that facilitate sellers making online sales to U.S. shoppers without having to directly operate an online store. The COMPLAINT - 59

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pically purchase online marketplace services are businesses seeking to sell goods . shoppers by relying on the marketplace to attract shoppers rather than attracting y on their own. These sellers use online marketplace services so that U.S. find and buy the sellers' offered items.

- Access to a large customer base is the most important characteristic of an online Amazon advertises to prospective sellers that its marketplace allows them "to lreds of millions of customers who visit Amazon to shop," which can "[r]educe the nd money [they] spend on customer acquisition." Similarly, Walmart advertises place gives sellers access to "a built-in audience of frequent shoppers and loyal d tells sellers that "[y]ou bring great products. We bring millions of customers." ers that "millions of buyers are waiting."
- Industry participants recognize online marketplace services as a distinct retail y industry observers track online marketplaces separately from other types of rce.
  - b. Online marketplace services are not reasonably interchangeable with selling as a vendor
- Selling products as a vendor to a retail store, whether online or offline, who then ers is not reasonably interchangeable with buying online marketplace services.
- Selling products as a vendor to a retailer involves a pricing and transaction rent from buying online marketplace services. A vendor generally sells goods to a wholesale price. The retailer takes legal title to the goods and can sell them to line marketplace services providers price their services differently, typically 23 ||including a percentage-based commission fee. The seller retains legal title to the goods and sells those goods directly to shoppers on the online marketplace.

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stores. Sellers use this software to build and customize their own eCommerce websites. These SaaS providers' services are not reasonably interchangeable with online marketplace services.

- 199. SaaS providers, unlike online marketplace service providers, do not provide access to an established U.S. customer base. Rather, merchants that use SaaS providers to establish direct-to-consumer online stores must invest in marketing and promotion to attract U.S. shoppers to their online stores. As Mr. Jassy explained in a 2022 interview, "small and medium sized" sellers use Amazon not because of the "eCommerce software" Amazon provides but "because they get access to a few hundred million customers."
- 200. Another difference is that SaaS providers allow their customers to exercise control over branding and marketing in ways marketplaces do not. For instance, SaaS providers typically enable merchants to customize the look of their website and grant them access to all consumer analytics, while allowing merchants to reach out to shoppers directly with sales promotions and new releases.
  - d. Online marketplace services are not reasonably interchangeable with services that primarily provide access to non-U.S. shoppers
- 201. Sellers who want to reach U.S. shoppers generally only consider online marketplaces that already possess a significant U.S. customer base and facilitate sales to U.S. shoppers through U.S.-specific marketplaces. Online marketplace service providers typically operate distinct websites focused on customer bases by different geographies; these websites list prices in the local currency and operate differently to ensure compliance with local law.
- 202. Online marketplaces set different fees across their various geography-specific websites.

# e. The relevant geographic market for online marketplace services for sales to U.S. shoppers is worldwide

203. Online marketplace services, which provide sellers access to U.S. shoppers, are procured by sellers worldwide. Online marketplace services providers supply such services for sales to U.S. shoppers from anywhere in the world.

### 2. Amazon has a dominant share of the online marketplace services market

204. Amazon has a durable and dominant share of the online marketplace services market. According to commercially available data sources and as illustrated in Figure 15, below, Amazon has maintained a market share of greater than 66% of marketplace sales, as measured by GMV, across all tracked marketplaces since at least 2018, and that share grew to more than 71% by 2022.

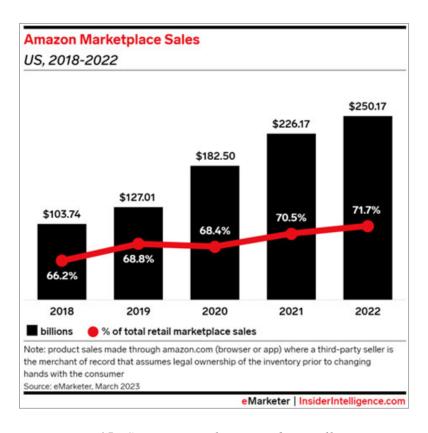


Figure 15. Source: eMarketer Insider Intelligence.

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205. In 2021, sales by sellers on Amazon's online U.S. Marketplace accounted for an estimated \$226 billion in GMV, more than five times the estimated amount sold by sellers on eBay's online U.S. marketplace and more than thirty-four times the estimated amount sold by sellers on Walmart's online U.S. marketplace. Amazon's market share across all tracked retail marketplaces dominates—and is continuing to outgrow—that of eBay and Walmart, as shown in Figure 16 below.

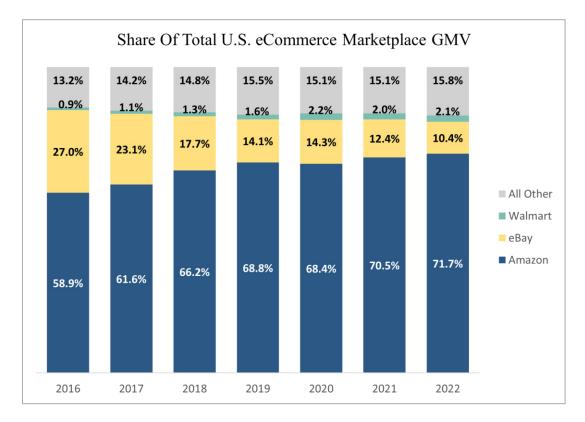


Figure 16. Source: eMarketer Insider Intelligence.

### **3.** Amazon's dominant position in the online marketplace services market is protected by significant barriers to entry

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206. The online marketplace services market exhibits significant barriers to entry, including, for example, scale economies, switching costs, and network effects. Network effects between the online marketplace services and online superstore markets also present a unique barrier, as discussed in Part V.C, below. Moreover, Amazon's illegal course of conduct has COMPLAINT - 64 FEDERAL TRADE COMMISSION 600 Pennsylvania Avenue, NW Washington, DC 20580

1	made entry artificially and significantly more difficult than it would otherwise be, as discussed in
2	Part VI, below.
3	207. The market for online marketplace services is also characterized by network
4	effects. For example, as an online marketplace serves more sellers, it can collect, analyze, and
5	offer robust aggregated sales data to its sellers, who can use the data to inform their business
6	decisions. A marketplace's increased ability to offer useful sales data to sellers helps it attract
7	more sellers, which allows the marketplace to collect more data, and so on.
8	208. As an online marketplace gains sellers, it also becomes more appealing to sellers
9	who offer products that are complements to the products already offered on the marketplace. For
10	example, a seller of cell phone cases may be more interested in selling on a marketplace on
11	which cell phones are also sold.
12	C. Feedback Loops Between The Relevant Markets Further Amplify The
13	Cumulative Impact Of Scale And Related Network Effects
13 14	Cumulative Impact Of Scale And Related Network Effects  209. The ability to gain scale is a critical factor in determining who can successfully
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14 15	209. The ability to gain scale is a critical factor in determining who can successfully
14 15	209. The ability to gain scale is a critical factor in determining who can successfully compete in both relevant markets. The feedback loop between these two relevant markets
14 15 16	209. The ability to gain scale is a critical factor in determining who can successfully compete in both relevant markets. The feedback loop between these two relevant markets further amplifies the importance of scale and network effects in these markets, making it more
14 15 16 17	209. The ability to gain scale is a critical factor in determining who can successfully compete in both relevant markets. The feedback loop between these two relevant markets further amplifies the importance of scale and network effects in these markets, making it more difficult for rivals and potential rivals to enter and compete effectively against incumbents in the
14 15 16 17 18	209. The ability to gain scale is a critical factor in determining who can successfully compete in both relevant markets. The feedback loop between these two relevant markets further amplifies the importance of scale and network effects in these markets, making it more difficult for rivals and potential rivals to enter and compete effectively against incumbents in the relevant markets.
14 15 16 17 18	209. The ability to gain scale is a critical factor in determining who can successfully compete in both relevant markets. The feedback loop between these two relevant markets further amplifies the importance of scale and network effects in these markets, making it more difficult for rivals and potential rivals to enter and compete effectively against incumbents in the relevant markets.  210. Online superstores that also offer online marketplace services operate in both
14 15 16 17 18 19 20	209. The ability to gain scale is a critical factor in determining who can successfully compete in both relevant markets. The feedback loop between these two relevant markets further amplifies the importance of scale and network effects in these markets, making it more difficult for rivals and potential rivals to enter and compete effectively against incumbents in the relevant markets.  210. Online superstores that also offer online marketplace services operate in both relevant markets and benefit from scale and network effects that flow between—and reinforce
14 15 16 17 18 19 20 21	209. The ability to gain scale is a critical factor in determining who can successfully compete in both relevant markets. The feedback loop between these two relevant markets further amplifies the importance of scale and network effects in these markets, making it more difficult for rivals and potential rivals to enter and compete effectively against incumbents in the relevant markets.  210. Online superstores that also offer online marketplace services operate in both relevant markets and benefit from scale and network effects that flow between—and reinforce market power across—those markets. Though an online superstore does not necessarily need to

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<u>1</u>	denial of scale in one market can make it harder to grow in the other. By amplifying the
2	importance of scale in both markets, these network effects can intensify the harmful impact of
3	conduct that unlawfully deprives rivals of scale, widening the gulf between firms that can and
4	cannot effectively compete.
5	211. To attract shoppers, an online superstore needs to offer a wide breadth and depth
6	of product selection. Online superstores that operate marketplaces can increase their breadth and
7	depth of product selection by offering products sold by third-party sellers.
8	212. Similarly, sellers prefer marketplaces where many potential customers already
9	shop. By reaching a larger customer base, sellers can increase sales.
10	213. Prospective entrants to both relevant markets face a chicken-and-egg problem:
11	they need to attract enough sellers to offer sufficient product selection to attract shoppers, but
12	they simultaneously also need to generate enough shopper traffic to attract those sellers.
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15	This continuous loop creates a barrier to entry in both markets and accelerates
16	the growth of firms that can overcome it.
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	RELIERATION DE LOCATION DE L'ACTION DE L'A

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11	Figure 17. Example of the "Chicken-and-Egg" Barrier to Entry.
12	Source:
13	214. Amazon leverages these network effects. At any given time, Amazon offers more
14	than different items for purchase on its online superstore. Sellers who buy marketplace
15	services from Amazon provide much of the product selection that helps Amazon attract and keep
16	its shoppers. As more shoppers turn to Amazon for its product selection, more sellers use its
17	platform to gain access to its ever-expanding consumer base, which attracts more shoppers, and
18	so on.
19	215. Amazon recognizes this feedback loop. An internal Amazon strategy document
20	states that
21	And Mr. Bezos
22	Amazon publicly states that its "wide selection is
23	made possible through independent sellers."
24	
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1	216. The interplay between Amazon's shoppers and sellers increases barriers to new
2	entry and expansion in both relevant markets and limits existing rivals' ability to compete. In
3	this way, scale builds on itself, and is cumulative and self-reinforcing.
4	217. This feedback loop spins Amazon's "flywheel." Amazon publicly touts its
5	flywheel as a "virtuous cycle." But internally, Amazon
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8	218. For example, Amazon strategically restricts how shoppers can purchase the
9	various services included in its Prime subscription, artificially increasing barriers to entry in the
10	online superstore and online marketplace services markets. Amazon has internally considered
11	
12	Amazon fuses together a wide assortment of unrelated
13	services ranging from streaming video, music, and gaming to prescription drugs and more to the
14	unlimited shipping service included in Prime—and through it, to Amazon's monopoly online
15	superstore.
16	219. Amazon does not let shoppers subscribe only to the unlimited shipping
17	component of Prime.
18	220. And while Amazon technically offers Prime Video on a standalone basis, Amazon
19	successfully uses dark patterns and other manipulative design techniques to thwart most shoppers
20	from actually being able to sign up for it.
21	221. Amazon's restrictive strategy of offering Prime services only on an all-or-nothing
22	basis means that shoppers who want any of those services must effectively buy all of them and
23	maintain a full Prime subscription. Amazon estimates that
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2	limiting other superstores' ability to build a
3	large customer base.
4	222. Amazon's restrictive all-or-nothing Prime strategy artificially heightens entry
5	barriers because rivals and potential rivals cannot compete for shoppers—including the
6	Prime subscribers described above—solely on the merits of their online superstores or
7	marketplace services. Instead, they must enter multiple unrelated industries to attract Prime
8	subscribers away from Amazon or incur substantially increased costs to convince Prime
9	subscribers to sign up for a second shipping subscription or otherwise pay for shipping a second
10	time. This substantial expense significantly constrains the number of firms who have any
11	meaningful chance to compete against Amazon and raises the costs of any that even try. This
12	tactic blocks lower-priced rivals from competing head-to-head with Amazon to attract many
13	shoppers. Even firms that have introduced comparable subscription services at a fraction of the
14	price have struggled to make serious inroads. Amazon's restrictive strategy artificially heightens
15	barriers to entry, such that an equally or even a more efficient or innovative rival would be
16	unable to fully compete by offering a better online superstore or better online marketplace
17	services.
18	223. Amazon internally acknowledges that
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22	224. But Amazon also recognizes that
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24	So, Amazon deliberately restricts how shoppers can access various components of Prime, despite
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1	knowing that offering additional choices for consumers would lead to more competition and
2	better prices.
3	225. This current restrictive structure of Prime reflects a deliberate strategy by Amazon
4	to artificially increase barriers to entry and competition. As one former Amazon executive
5	explained in recalling Amazon's motivation for adding non-shipping services to Prime, "[a]ny
6	competitor might launch a Prime shipping clone, or they could potentially build a new Netflix-
7	type service, but it was unlikely that any one of them would be able to do both."
8	226. In 2021, Amazon
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15	As Mr. Bezos put it
16	publicly, Amazon "monetize[s] [Prime Video] content in an unusual way When we win a
17	Golden Globe, it helps us sell more shoes."
18	
19	
20	To date, Amazon
21	choosing to limit consumer choice and maintain artificially
22	heightened barriers to entry.
23	227. Amazon has also pursued a set of anticompetitive tactics—discussed further in
24	Section VI, below—to unlawfully deny its rivals access to both shoppers and sellers, artificially
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1	stunting their	growth by starving them of the feedback loops across the relevant markets that
2	would benefit	shoppers and sellers alike.
3	D.	Direct Evidence Further Demonstrates Amazon's Monopoly Power
4	228.	Direct evidence demonstrates that Amazon has monopoly power. Amazon's
5	ability to prof	atably do the following without losing sufficient business to change its behavior
6	illustrates its	monopoly power: (a) degrade the quality of its shopper-facing search results and
7		
8		(b) degrade the quality of the shopping experience on Amazon by
9		
10		and (c) raise the prices it charges sellers to access the full suite of
11	Amazon's ma	arketplace seller services and fulfillment services. In addition, Amazon's unlawful
12	conduct is fur	ther direct evidence confirming Amazon's monopoly power in both markets.
13		1. Amazon has
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16	229.	Amazon
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22	230.	
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231. In theory, relevant advertisemen	nts can be useful to shoppers in some instances
mportantly, Amazon	
232.	~
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	a.
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	Another senior Amazon
executive repo	ortedly compared Amazon's advertising and search divisions to the parable of t
scorpion and t	the frog: it was in the advertising division's nature as the proverbial "scorpion"
poison organic	c search results.
234.	
222	
235.	By flooding its search results page with paid advertisements, Amazon
54365344	
236.	As one Amazon executive explained,
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	Moreover, because Amazon's anti-
	discounting conduct punishes sellers who offer lower prices at rival online stores with lower
	fees, many sellers set their price on Amazon—high fees and all—as the price floor across the
	internet.
	237.
	According to public reports,
	Amazon engineers found that "[w]hen sponsored ads were prominently displayed, there was
	small, statistically detectable short-term decline in the number of customers who ended up
	making a purchase."
	While fewer shoppers were finding what they wanted,
	advertisements were making more money—"[a] lot of it."
	238.
	Desp
	degrading shoppers' experiences, Amazon continues to have double digit growth in overall sa
	not losing meaningful numbers of shoppers to rivals.
	239.
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3	240. Amazon's ability to profitably worsen its service for customers is a hallmark of
4	monopoly power.
5	2. Amazon degrades its search quality by stacking the deck against
6	third-party competitors of Amazon's private label products
7	241. Amazon further degrades the quality of its search results by burying organic
8	content under recommendation widgets, such as the "expert recommendation" widget, which
9	display Amazon's private label products over other products sold on Amazon.
10	242. A recommendation widget is a discrete portion of Amazon's website or mobile
1	app that lets customers scroll through a set of recommended products. Previously, such widgets
2	were limited to displays like an area on a product's Detail Page indicating what "customers also
13	bought," or an area suggesting shoppers may want to replenish items they had previously
14	purchased, like paper towels.
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6	243. Amazon
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248. In competitive markets, the possibility of losing business to rivals would tend to pressure a company to create more value for its customers, shoppers and sellers alike. But Amazon's unchecked dominance allows it to degrade its service without ceding—and indeed while expanding—its business. The fact that Amazon's degradation of its search results through biased widgets did not cause Amazon to lose sufficient business or to change its behavior further demonstrates its monopoly power.

## 3. Amazon increases prices to sellers without losing meaningful business

- 249. Amazon's monopoly power also allows it to charge higher prices and provide lower quality services to sellers. As explained in Part IV, above, Amazon charges sellers selling fees, referral fees, fulfillment fees, and advertising fees. The total price Amazon charges a seller has skyrocketed without a correspondingly large loss of business.
- 250. Before Amazon decided to prioritize advertisements as a way to generate revenue, sellers were able to access prominent and valuable search page placement by paying just Amazon's referral and sales fees. Now, advertised products on Amazon are 46 times more likely to be clicked on when compared with products that are not advertised. Advertisements are now no longer a discretionary purchase but instead a necessary cost of doing business. Therefore, sellers must not only pay Amazon's referral fee but must also now pay for advertising in order to reach shoppers.
- 251. Amazon has also hiked average fulfillment fees to sellers, which jumped approximately 30% between 2020 and 2022. Amazon has made these fees, too, a prerequisite to being a successful seller on Amazon. As described in Part VI.B below, Amazon effectively

1	forces sellers to purchase its fulfillment services to access the full reach of Amazon's
2	marketplace services that Prime eligibility unlocks.
3	252. By effectively requiring sellers to pay for search placements through advertising
4	and for Prime's shipping costs through FBA, Amazon has dramatically increased the percentage
5	cut it takes out of seller revenues, also known as Amazon's "take rate." Amazon's average take
6	rate for sellers who use FBA  % in 2014 to  % in 2022 for
7	essentially the same services. Amazon now takes nearly one out of every two dollars of sales
8	from sellers who use its fulfillment services, many of whom are small businesses with already
9	thin margins. By comparison, The fact that such
10	low-margin sellers remain on Amazon even as Amazon takes an ever-greater cut of their
11	revenues shows Amazon's monopoly power.
12	253. Sellers note that because they depend on Amazon, they effectively have no choice
13	but to submit to Amazon's growing demands. As a third-party seller put it
14	The seller continued, stating that
15	Amazon's prices
16	According to a public article, another seller stated that "[f]or some products, we
17	realized that we need to pay for ads but we'll never profit at our current prices." As a result, that
18	seller had to raise prices to pay for advertising on Amazon.
19	254. Amazon also recognizes that sellers believe "that it has become more difficult
20	over time to be profitable on Amazon."
21	One of the only ways left for sellers
22	to eke out a profit is to raise the prices paid by shoppers. A seller succinctly explained this
23	dynamic:
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4	255. Amazon has hiked its fees even as it has failed to adequately protect sellers'
5	commercially sensitive data, exposing this data to theft and appropriation. Internally, Amazon
6	recognized
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8	Employees also recognized that
9	
10	and that
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14	256.
15	Indeed, seller forums on Amazon are rife with
16	complaints about issues ranging from abrupt and arbitrary account suspensions to sellers having
17	their inventory unexpectedly seized with no recourse. One seller explained that they could not
18	leave Amazon because "[w]e have nowhere else to go and Amazon knows it." According to an
19	internal Amazon study, Amazon's sellers live "in constant fear" of Amazon arbitrarily
20	interfering with their ability to sell on Amazon, which "put[s] their businesses and livelihoods at
21	risk." Amazon's ability to profitably hike fees while maintaining its iron grip over sellers is
594%A	further evidence of its monopoly power.
22	in the evidence of its monopoly power.
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## VI. AMAZON IS ENGAGED IN A COURSE OF CONDUCT THAT ILLEGALLY MAINTAINS ITS MONOPOLIES IN BOTH RELEVANT MARKETS

257. Amazon illegally maintains its monopolies through an interrelated course of conduct that blocks competition. First, Amazon deploys a series of anticompetitive practices that suppress price competition and push prices higher across much of the internet by creating an artificial price floor and penalizing sellers that offer lower prices off Amazon. Second, Amazon coerces sellers into using its fulfillment service to obtain Prime eligibility and successfully sell on Amazon. Each of these tactics—independently and collectively—prevents Amazon's rivals from gaining scale and maintains Amazon's monopolies.

258. Amazon first ensures that no other online rival can gain scale through offering prices lower than those listed on Amazon. Amazon accomplishes this anticompetitive goal through an interwoven set of algorithmic and contractual tactics, all of which rely on Amazon's massive web-crawling apparatus that constantly tracks online prices. Amazon's anti-discounting punishments tame price cutters into price followers, effectively halting real price competition. This conduct imposes costs on shoppers and sellers alike. Shoppers pay inflated prices on and off Amazon, as sellers must effectively submit to Amazon's high fees by raising prices even on non-Amazon sites. Rivals no longer compete to offer sellers lower fees, since Amazon's anti-discounting conduct prevents sellers from passing those savings on to shoppers.

259. For sellers, Amazon conditions access to Prime eligibility on sellers' use of Amazon's proprietary fulfillment service, FBA. Amazon's coercion makes it more difficult and more expensive for sellers to sell on other marketplaces, which in turn makes it more difficult for rivals to attract sellers and compete with Amazon on product selection. The result is a feedback loop that continues to inhibit the growth of rivals and starve them of scale while maintaining and expanding Amazon's dominant positions.

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Amazon's Marketplace. Amazon also deters rivals from even attempting to compete with Amazon's first-party Retail business on price by ensuring that rivals' price cuts do not result in greater scale, only lower margins.

- 264. Combined, Amazon's conduct quashes one of the most direct ways to compete with Amazon in both relevant markets: by offering lower prices. In an open, competitive environment, rival online superstores could attract more business by offering shoppers lower prices, and rival online marketplaces could attract sellers by charging them lower fees, allowing sellers to pass those savings on to shoppers via lower prices. Amazon suppresses this price competition by wielding its monopoly power to prevent sellers and retailers from offering lower prices off Amazon.
- 265. Without the ability to attract shoppers or sellers through lower prices, rivals are unable to gain a critical mass of either shoppers or sellers despite needing both to compete against Amazon. Further, by punishing sellers when there are lower prices off Amazon and disciplining rivals that try to compete on price, Amazon teaches shoppers not to look for lower prices off Amazon. Less comparison shopping again hinders rivals from gaining a larger consumer base. Amazon's anti-discounting strategy therefore denies rivals the ability to gain scale, cements Amazon's dominance in both relevant markets, and ultimately keeps prices higher than they would be in a competitive market.
  - 1. Amazon engages in price surveillance to support its anti-discounting scheme
- 266. The foundation of Amazon's anti-discounting scheme is an extensive price-tracking operation housed within

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1 2 267. 3 Amazon's 4 5 6 7 8 268. Amazon 9 10 11 2. 12 when Amazon detects lower prices on other online stores 13 269. 14 15

**Amazon maintains its monopolies by punishing third-party sellers** 

Using its vast surveillance network, Amazon systematically punishes sellers when Amazon detects a lower price on other online stores. Amazon does this in two ways. One way Amazon punishes sellers is by disqualifying a seller's offer from appearing in the Buy Box when Amazon finds a lower price on another online store for an item being sold by a seller on Amazon. For many sellers, losing the Buy Box—and even the ability to qualify for the Buy Box—is an existential threat to their business. Amazon has amassed and maintains a huge shopper base, making Amazon a vital sales channel for many sellers. The second way Amazon punishes sellers is by imposing contractual obligations on certain important sellers, backed up with the threat of even stronger penalties, including total banishment from Amazon's Marketplace.

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1	270. As a result of Amazon's threats and punishments, even rival platforms that charge
2	sellers less than Amazon for marketplace services would not be able to draw shoppers through
3	lower prices.
4	271. Amazon not only suppresses the ability of sellers and retailers to offer lower
5	prices elsewhere, but its conduct effectively <i>elevates</i> prices even off Amazon. Because Amazon
6	has steadily hiked the fees it charges sellers while also prohibiting them from discounting on
7	other websites, sellers must often use their inflated Amazon prices as an artificial price floor
8	everywhere. As a result, Amazon's conduct causes online shoppers to face artificially higher
9	prices even when shopping somewhere other than Amazon.
10	a. Amazon penalizes sellers when Amazon finds lower prices off
11	Amazon
12	272. Amazon's anti-discounting strategy has taken several forms. Amazon originally
13	included a clause in its Business Solutions Agreement—a contract every seller must agree to—
14	that explicitly prohibited sellers from offering lower prices elsewhere. From at least as early as
15	until March 2019, this contract required each seller to "maintain [price] parity" between
16	Amazon and other online sales channels. This meant that a seller could not offer lower prices on
17	other online stores without breaching their Amazon contract, even when their selling costs were
18	lower on those stores.
19	273. After European competition authorities launched multiple investigations into
20	Amazon's price parity clauses, Amazon dropped this requirement in Europe in August 2013.
21	274. In December 2018, U.S. Senator Richard Blumenthal sent public letters to the
22	Federal Trade Commission and the U.S. Department of Justice expressing "deep[] concern[] that
23	the price parity provisions in Amazon's contracts with third-party sellers could stifle market
24	competition and artificially inflate prices on consumer goods." Three months later, Amazon
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1	quietly stopped its practice of applying this particular contractual price parity provision to all
2	sellers.
3	275. Despite making this particular change, Amazon never abandoned its strategy of
4	preventing sellers from offering lower prices elsewhere. Instead, Amazon
5	
6	
7	276. An internal Amazon document written weeks after Amazon dropped its
8	contractual price parity requirement acknowledged that Amazon intended to use to
9	enforce its "expectations and policies," which "ha[d] not changed." Whether done contractually
10	or algorithmically, Amazon requires sellers to keep prices off Amazon as high or higher than
11	prices on Amazon. Amazon uses
12	
13	"not only trivial but a trick and an attempt to garner goodwill with policymakers
14	amid increasing competition concerns."
15	277.
16	
17	If Amazon disqualifies every
18	offer for a given product from winning the Buy Box, Amazon removes the Buy Box itself from
19	the product's Detail Page.
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1	(b)
2	(c) and
3	(d)
4	284.
5	Amazon itself recognizes that removing a seller from the Buy Box causes
6	their sales to "tank." Offers outside of the Buy Box comprise less than \( \bigs\) of all purchases on
7	Amazon.
8	285. Amazon's penalties effectively deter sellers from offering prices elsewhere that
9	are lower than their prices on Amazon, even where their costs are lower through other online
10	sales channels. That in turn limits the ability of other online superstores to offer prices lower
11	than those on Amazon, hindering the growth of would-be rivals and denying them the scale
12	necessary to compete.
13	b. Amazon continues to contractually prohibit its most important
14	sellers from discounting elsewhere
15	286. Amazon places additional limits on certain sellers' ability to sell products at lowe
16	prices on other online stores. These restrictions are embedded in the "Amazon's Standards for
17	Brands" ("ASB") program.
18	287. Amazon applies ASB to brands, brand licensees, and brand representatives that
19	use Amazon's Marketplace ("ASB sellers"), regardless of whether their brand is a long-
20	established household name or an upstart few people would recognize.
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22	288. ASB sellers are an especially important type of seller to Amazon for two reasons.
23	First, ASB sellers constitute
24	COMPLAINT - 87 FEDERAL TRADE COMMISSION
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1	In 2021, % of Amazon Marketplace sales were by ASB sellers, and Amazon
2	projected they would sell more than of products on Amazon in 2022.
3	289. Second, because of their close relationship with the brands they sell, ASB sellers
4	have more influence over brand prices and selection across channels than "resellers," which lack
5	such a relationship. As a founding member of the team responsible for ASB explained,
6	
7	
8	290. Amazon implemented ASB in September 2018 through an amendment to the
9	Business Solutions Agreement. All sellers, including ASB sellers, must agree to Amazon's
10	Business Solutions Agreement in order to sell on Amazon's Marketplace. The ASB restrictions
11	are therefore binding contractual obligations that Amazon imposes on ASB sellers.
12	291. Through ASB,
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15	292. Amazon also
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24	COMPLAINT - 88 FEDERAL TRADE COMMISSION

294. Amazon threatens an ASB seller's "privileges"—including the "privilege" to
"operate as a seller in the Amazon store altogether"—if the ASB seller violates any part of ASB.
In other words, Amazon threatens not just to kick ASB sellers' offers out of the Buy Box but to
boot them out of Amazon's Marketplace altogether if
295. In addition to revoking some ASB sellers' selling privileges in full by shutting
down their seller accounts, Amazon also
under the guise of ASB policy
enforcement, Amazon
296.
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10	304. ASB—————————————————————are thus additional elements working across
11	Amazon's business in tandem with Amazon's other strategies that punish off-Amazon
12	discounting, stifle competition, impede the growth of potential competitors, hike prices, and
13	degrade quality for consumers in the relevant markets.
14	c. Amazon's anti-discounting strategy prevents rivals and sellers
15	from offering lower prices and deprives rivals of scale necessary
16	to compete
17	305. By suppressing competition in the online superstore and marketplace services
18	markets, Amazon's anti-discounting strategy artificially inflates prices. Shoppers and sellers pay
19	more, and Amazon reaps the benefits.
20	306. Amazon's one-two punch of high fees and seller threats forces sellers to use their
21	inflated Amazon prices as a price floor everywhere else they sell online. As a result of
22	Amazon's conduct, shoppers often have no choice but to pay at least the price in Amazon's Buy
23	Box even when they buy online somewhere other than Amazon.
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1	307. Sellers generally price their goods to at least cover their costs, including fees
2	charged by online marketplace services providers (such as those discussed in Part IV, above).
3	Thus, the seller's shopper-facing price depends on the amount of fees charged by different
4	marketplaces.
5	308. As discussed in Part V.D.3, above, the cost of doing business is higher on
6	Amazon than on other marketplaces—and Amazon has steadily hiked the fees it charges sellers,
7	
8	309. Because Amazon has steeply raised its fees, sellers need to charge higher prices
9	on Amazon than they would on a less-costly marketplace to make the same per-unit profit.
10	Amazon's high fees should present other online superstores with an opportunity that would make
11	shoppers, sellers, and themselves better off: if those superstores can offer sellers lower fees,
12	sellers could offer shoppers lower prices while making the same or a higher profit margin, which
13	should cause shoppers and sellers alike to flock to the less-costly online store.
14	310. Amazon has destroyed this competitive dynamic by algorithmically forcing
15	sellers to ensure that their prices off Amazon are no lower than their prices on Amazon,
16	regardless of the relative costs. Similar anticompetitive effects flow from ASB, which
17	contractually prevents brands from offering lower prices elsewhere online even when it would be
18	profitable for them to do so, including on their own websites.
19	311. Amazon internally recognizes that
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1	317. This effect is intensified for sellers subject to ASB. While Amazon's algorithmic
2	anti-discounting punishment focuses on individual products, Amazon's enforcement of ASB
3	threatens an ASB seller's ability to sell anything at all as a third-party seller on Amazon's
4	Marketplace. ASB's threatened contractual punishments could therefore effectively cut off a
5	huge channel for sellers. In that way, ASB is broader in scope than any particular instance of
6	Amazon's algorithmic third-party punishment, making it even more likely that Amazon's
7	punitive program deeply chills discounting by ASB sellers off Amazon.
8	318.
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12	The force and fear of Amazon's tactics are so strong that actual punishment is
13	often not necessary. The threat alone can be enough.
14	319. For example,
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17	Amazon's anti-discounting punishments also limit the extent to which sellers sell on other online
18	marketplaces, where sellers can control the final prices offered to customers.
19	
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21	
22	
23	320. Amazon's anti-discounting conduct reverberates throughout both relevant markets
24	because of Amazon's dominance in each market. For example,
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1	3. Amazon maintains its monopolies by suppressing price competition
2	with its first-party anti-discounting algorithm
3	325. For Retail products that Amazon prices and sells itself, Amazon deploys a similar
4	anti-discounting program that it implements through another pricing algorithm. While the exact
5	mechanism differs from the mechanisms Amazon uses to punish sellers, the means, motive, and
6	effects are all the same. Amazon uses its extensive surveillance network to block price
7	competition by detecting and deterring discounting, artificially inflating prices on and off
8	Amazon, and depriving rivals of the ability to gain scale by offering lower prices.
9	a. Amazon's first-party anti-discounting algorithm is designed to
10	discipline rivals from lowering their prices
11	326. Amazon designed and implemented a first-party anti-discounting algorithm to
12	deter other online stores from offering lower prices than those of Amazon's Retail products.
13	Amazon recognizes the importance of maintaining the <i>perception</i> that it has lower prices than
14	competitors. Behind closed doors, however, Amazon executives actively
15	
16	327. Amazon's former
17	
18	
19	
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21	328. Instead,
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23	
24	"prices will go up."
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1	329. When using its first-party anti-discounting algorithm, Amazon disciplines rivals
2	by
3	
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5	
6	
7	
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9	
10	330. In effect, Amazon deters rivals from even attempting to compete with Amazon's
11	first-party Retail business on price because rivals quickly learn that their price cuts do not result
12	in greater market share or scale, only lower margins.
13	331. In an open and competitive market, rivals can compete to attract business by
14	offering lower prices to shoppers. Instead, Amazon has committed to its first-party anti-
15	discounting pricing strategy because that strategy deters rivals from price competition and
16	prevents rivals from drawing business and gaining market share. Amazon's algorithmic process
17	unfolds over and over to discipline rivals who dare to lower their prices, conveying to them that
18	they will not gain business through competing on price. As a result, Amazon has successfully
19	taught its rivals that lower prices are unlikely to result in increased sales—the opposite of what
20	should happen in a well-functioning market.
21	332. By relentlessly disciplining rivals, Amazon forecloses the give and take that is
22	typical in a competitive market and limits rivals' ability to gain customers by undercutting
23	Amazon's prices. The result is that rivals' growth is stunted, and shopper prices are pushed
24	higher than they would be in a world without Amazon's anti-discounting scheme. According to COMPLAINT - 97  FEDERAL TRADE COMMISSION

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1	Amazon's first-party anti-discounting algorithm has "work[ed]"
2	
3	b. Amazon's first-party anti-discounting algorithm has stopped
4	other online stores from competing through offering lower prices
5	333. Though the different elements of Amazon's anti-discounting strategy often work
6	in tandem to stifle competition (as discussed in Part VI.A.4, below), Amazon's first-party anti-
7	discounting algorithm has, on its own, deterred other online stores from competing through
8	lower prices.
9	334. For example, Amazon's first-party anti-discounting scheme successfully deterred
0	price competition in 2017 when introduced a
1	
2	
3	
4	
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6	335. Amazon concluded that its first-party anti-discounting strategy ultimately helped
7	induce to stop competing on price through its pickup discount program. In an internal
8	planning and strategy document, Amazon determined that its first-party anti-discounting
9	algorithm created a
0	
1	336. In response to Amazon's anti-discounting conduct,
2	
3	Amazon estimated that
4	
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1	337. At one point in 2019, after enduring years of Amazon's algorithmic disciplining,
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4	
5	
6	
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9	4. Amazon combines its various anti-discounting programs to maximize
10	their collective anticompetitive effect
11	338. Amazon uses all of its various anti-discounting programs—and the combined
12	power of its Marketplace and Retail arms—to limit price competition and comparison shopping
13	for the hundreds of billions of dollars in goods sold annually in the relevant markets. This
14	suppression of price competition and comparison shopping also artificially contributes to
15	converting more shoppers into Prime subscribers.
16	339. Amazon's seller-disciplining tactics and first-party anti-discounting algorithm are
17	each powerful on their own (as explained in Parts VI.A.2.c and VI.A.3.b, respectively), but the
18	whole of their combined anticompetitive impact is significantly greater than the sum of their
19	individual effects.
20	340. In 2016, Amazon used various elements of its anti-discounting strategy to
21	hamstring a new online superstore that planned to compete against Amazon by
22	offering shoppers and sellers lower prices. Amazon feared that
23	
24	Amazon predicted that
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1	In Amazon's
2	estimation
3	
4	341. Amazon responded to launch by activating the combined might of its
5	Marketplace and Retail businesses. With respect to the Marketplace business, Amazon
6	
7	On the Retail front,
8	
9	342. The combined force of Amazon's anti-discounting schemes worked. Less than
10	three months after launched, was forced to
11	
12	
13	
14	
15	343. More recently, Amazon used the same combination of its anti-discounting
16	strategies to target a potential entrant to the online superstore market specializing in
17	homeware, children's products, and women's clothing. Until recently, primary strategy
18	was to offer shoppers deep discounts on various products during limited time "flash sales."
19	endeavored to offer the "lowest price online" during those sales. This meant beating
20	Amazon's prices.
21	344. In late 2019, rolled out a initiative that displayed its
22	lower price alongside the higher prices of identical products on Amazon or Walmart.com. This
23	is a classic form of price competition that should flourish in a competitive market.
24	

1	345. To Amazon, this price competition was intolerable—and so it set out to destroy it.
2	
3	In 2019, for example, Amazon's
4	estimated U.S. sales volume was approximately 100 times greater than
5	
6	
7	
8	346. Amazon activated its Marketplace arm against by punishing sellers. Its
9	seller punishments quickly stopped many suppliers that were also Amazon sellers from
10	offering lower prices on
11	
12	
13	
14	
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16	
17	347. Amazon also swung its Retail business into action, applying its first-party anti-
18	discounting algorithm to
19	
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21	
22	348. After Amazon began using the combined force of its Marketplace and Retail anti-
23	discounting strategies
24	COMPLAINT - 101  CASE NO:cv  600 Pennsylvania Avenue, NW

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3		
4	349. Facing the full brunt of Amazon's anti-discounting conduct,	
5	After a few months	,
6		
7		
8	350. In sum, Amazon's monopolistic anti-discounting conduct blocks critical avenue	S
9	of competition in both relevant markets through its anti-discounting practices. Amazon's	
10	conduct denies rivals scale, stifles innovation, deadens price competition, reduces output, and	
11	deprives the American public of lower prices.	
12	B. Amazon Maintains Its Monopolies In Both Relevant Markets By Coercing	
13	Sellers To Use Amazon's Fulfillment Service	
14	351. Amazon maintains its monopolies in both relevant markets by coercing sellers t	o
15	use FBA, thereby denying rival online marketplace services providers and superstores the abili	ty
16	to gain the scale needed to compete meaningfully against Amazon in both relevant markets.	
17	352. Prime eligibility is a basic prerequisite for sellers to fully access Amazon's	
18	substantial base of shoppers, making it a critical aspect of the marketplace services Amazon	
19	offers to sellers. When a seller's product is Prime eligible, it receives the Prime badge. For	
20	sellers, this designation boosts their chance of winning the Buy Box and making significant	
21	sales, while sellers who forgo Prime eligibility effectively disappear from Amazon's storefront	
22	For shoppers that are Prime subscribers, the Prime badge denotes that a purchase of the produc	t
23	will not include additional shipping and handling costs, often making these products more	
24	attractive.	
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- 353. Amazon exploits sellers' demand for access to Prime eligibility by generally conditioning that access on use of Amazon's proprietary fulfillment service, FBA, even though other fulfillment options could provide comparable or better service.
- 354. Sellers who use FBA must relinquish physical control over their products and place them in Amazon's fulfillment centers, which principally can be used to serve only Amazon customers. As a result, a seller who wants to sell both to Amazon and non-Amazon customers must maintain a separate supply of inventory dedicated exclusively to non-Amazon customers and engage a separate fulfillment provider to serve those non-Amazon customers.
- 355. Absent Amazon's restrictions, many sellers would prefer to use an independent fulfillment provider that would allow them to more easily fulfill orders placed on both Amazon and non-Amazon marketplaces. That, in turn, would increase the ability of rival online marketplace services providers to compete for sellers' business and increase the ability of rival online superstores with marketplaces to compete by offering greater product selection to shoppers. Conditioning a product's Prime eligibility on its seller's use of FBA maintains Amazon's monopoly in both relevant markets in two main ways. First, it raises the cost of multihoming, forcing sellers who sell through more than one online superstore to bear the increased costs of using multiple fulfillment providers. Second, it forecloses independent fulfillment providers from competing to fulfill Prime orders on Amazon, depriving those independent providers of an important source of business and scale needed to build out an efficient fulfillment network. Because fewer sellers can cost-effectively multihome, rivals and potential rivals to Amazon are deprived of product selection.
- 356. In the relevant online superstore and online marketplace services markets where scale and network effects insulate incumbents from competition, the effects of Amazon's conduct continuously compound as it diminishes sellers' incentive and ability to multihome.

1	357. Amazon's conduct constrains its rivals' ability to compete, harming shoppers and
2	competition in both relevant markets and entrenching Amazon's monopoly. By making it more
3	expensive for sellers to sell the same product on multiple online superstores and marketplaces,
4	Amazon artificially limits rivals' ability to gain sufficient growth, momentum, and scale to draw
5	a critical mass of shoppers and meaningfully compete.
6	1. Sellers who forgo Prime eligibility effectively disappear from
7	Amazon's storefront
8	358. In 2021, over U.S. consumers, or approximately % of U.S.
9	households, subscribed to Amazon Prime. Prime subscribers account for an overwhelming share
10	of all purchases on Amazon—more than \(\bigcup_{\text{\text{\text{w}}}}\)% of all purchases by dollar value in 2021. Prime
11	subscribers also disproportionately purchase Prime-eligible offers. For example, more than \$\blue{\pi}\square*
12	of the items U.S. Prime subscribers purchased in the third quarter of 2021 were Prime eligible.
13	In the first quarter of 2021, U.S. Prime subscribers bought nearly Prime-eligible products
14	for every one non-Prime-eligible product they purchased.
15	359. For many sellers, having Prime-eligible products is a prerequisite to making
16	significant sales on Amazon. The Prime designation makes sellers' products more
17	discoverable—and therefore likely to be purchased—
18	
19	
20	
21	
22	360. Overall, Prime eligibility alone regularly a seller's sales on Amazon.
23	Meanwhile, sellers who forgo Prime eligibility effectively disappear from Amazon's storefront.
24	Amazon relegates non-Prime-eligible products to a near-invisible, second-rate version of
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1	Amazon's Marketplace. Without Prime eligibility,
2	
3	Ready access to online shoppers is a
4	critical aspect of online marketplace services, but Amazon effectively conditions access to a
5	substantial portion of its shoppers on sellers also buying FBA services.
6	2. Amazon requires sellers to use FBA to obtain Prime eligibility
7	361. Amazon requires sellers to use FBA for their products to obtain Prime eligibility,
8	even though many sellers would prefer to use an alternative fulfillment method. As the former
9	head of FBA put it,
10	
11	362. Mr. Bezos explained in his 2014 letter to Amazon shareholders that "FBA is so
12	important because it is glue that inextricably links Marketplace and Prime. Thanks to FBA,
13	Marketplace and Prime are no longer two things Their economics are now happily and
14	deeply intertwined."
15	363. One internal Amazon study found that
16	
17	According to another internal study,
18	
19	In other
20	words,
21	
22	
23	
24	
	COLON ANTE 105

24

3. By forcing sellers to use FBA for their products to be Prime eligible, Amazon raises sellers' costs of selling on multiple marketplaces, stifling competition in both relevant markets

364. By tying Prime eligibility to FBA, Amazon restricts sellers' choices about which fulfillment provider they use, stifling multihoming and thus harming competition in both the online marketplace services and online superstore markets. Many sellers would prefer to use a single fulfillment network for all their online orders, on and off Amazon. Indeed, as Amazon's Vice President of Worldwide Selling Partner Services reportedly recognized recently, "[a] seller doesn't want to have two sets of supply-chain services, one that's for Amazon and one that's for someone else." By forcing sellers to use FBA for their products to be Prime eligible, Amazon functionally forecloses that option for sellers.

365. Without Amazon's coercion, sellers could more easily offer their products to shoppers via multiple outlets, including other online superstores and marketplaces. They could also use a single fulfillment provider of their choice and pass associated savings on to their customers across all online sales channels, including Amazon. Amazon's rivals, in turn, could gain scale by attracting new sellers to their marketplaces and offering new selection to shoppers. Amazon fears that world, and so it uses Prime eligibility to foreclose it from coming to pass.

366. Amazon's conduct blocks competition for sellers and the ability of online superstores to gain those sellers' product selection in two interrelated ways. First, Amazon forces sellers who want to make Prime-eligible offers on Amazon and to sell through other sales channels to use two duplicative fulfillment operations instead of saving costs by consolidating inventory with a single fulfillment provider. Second, Amazon forecloses a significant volume of orders from independent fulfillment providers by making FBA effectively the only fulfillment option available for Prime-eligible orders. By essentially forcing sellers to use FBA, Amazon FEDERAL TRADE COMMISSION COMPLAINT - 106 CASE NO. \_:\_\_-cv-\_\_

1	deprives independent fulfillment companies of an important source of scale that is necessary to
2	develop efficient fulfillment networks. Sellers are less likely to commit inventory to independen
3	fulfillment providers that do not have the scale to efficiently serve their needs, and without cost
4	effective and efficient fulfillment operations, sellers are less likely to sell across multiple online
5	marketplaces. Thus, Amazon's tying of Prime eligibility to FBA usage raises the cost of
6	multihoming, making it harder and more expensive for sellers to sell on alternative online
7	marketplaces and more difficult for online superstores to attract sellers and expand their product
8	selection.
9	367. These twin mechanisms harm competition in the online retail fulfillment services
10	market while also stifling competition in both relevant markets. They do so by raising the costs
11	Amazon sellers must incur to do business with other online superstores and online marketplace

market while also stifling competition in both relevant markets. They do so by raising the costs Amazon sellers must incur to do business with other online superstores and online marketplace services providers. Some sellers cope by simply not selling anywhere other than Amazon.

Others are pressured to pass on higher costs in the form of higher prices, slower shipping speeds, or both. As a result, by tying Prime eligibility to FBA, Amazon reduces product selection available to Amazon's rivals, thereby degrading quality for shoppers and raising sellers' costs, which can lead to price increases for shoppers.

# a. Amazon raises sellers' costs by forcing them to split their inventory to sell across multiple sales channels

368. Because Amazon forces sellers to use FBA to receive Prime eligibility, sellers who do not want to sell solely through Amazon must split their physical inventory by putting inventory for Amazon orders into FBA and inventory for non-Amazon orders in a different fulfillment network, such as one operated by an independent fulfillment provider.

369. Splitting inventory among multiple fulfillment networks raises the costs for sellers to offer products for sale through multiple sales channels by, among other things:

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1	foreclosing these sellers from using a single independent fulfillment provider, Amazon
2	effectively forces these sellers to sell exclusively on Amazon.
3	373. For sellers who do offer their products across multiple online sales channels,
4	Amazon's tying Prime eligibility to FBA imposes unnecessary and additional costs that can lead
5	to higher product prices, reduced seller profitability, and fewer sales. This, in turn, reduces
6	sellers' incentives to offer their products and invest resources into selling on multiple online
7	superstores by purchasing services from multiple online marketplaces.
8	374. Because most sellers must sell Prime-eligible products on Amazon to be
9	successful, tying Prime eligibility to FBA increases sellers' costs by forcing them to use multiple
10	fulfillment providers to sell off Amazon. Amazon's conduct hinders other online marketplaces'
11	ability to attract sellers and impedes online superstores' ability to offer enough product selection
12	to compete meaningfully with Amazon. This conduct also artificially contributes to converting
13	more shoppers into Prime subscribers.
14	b. Forcing sellers to use FBA to obtain Prime eligibility impedes
15	competition and the growth of independent fulfillment providers
16	375. Amazon's coercive conduct that forces sellers to use FBA forecloses significant
17	volumes of business from independent fulfillment providers that could facilitate seller
18	multihoming across multiple online marketplaces and superstores.
19	376. By forcing sellers to purchase FBA to ensure that their products are Prime
20	eligible, Amazon artificially walls off a massive volume of Prime-eligible orders from
21	competition, instead funneling it solely into FBA. In so doing, Amazon harms competition in th
22	market for online retail fulfillment services. Amazon's foreclosure of competition in the online
23	retail fulfillment services market helps maintain Amazon's monopolies in the online marketplace
24	services and online superstore markets.
	II

1	377. Online retail fulfillment services include storing, picking (i.e., retrieving from
2	storage), packaging, and preparing items purchased by shoppers online for delivery. Sellers
3	purchase online retail fulfillment services to complete online orders placed by shoppers.
4	378. Online retail fulfillment services are discrete and separate from online
5	marketplace services. Online marketplace services enable sellers to offer items for sale to online
6	shoppers, whereas online retail fulfillment services are focused on physically storing and
7	preparing items for delivery to shoppers.
8	379. These services are offered to sellers at distinct prices and pricing structures
9	compared to online marketplace services. For example, Amazon charges sellers that use its
10	"Professional" plan to access its Marketplace on a monthly basis whether or not any sale is
11	made. But Amazon's fulfillment fees are based on the item's size and weight, as well as how
12	long Amazon had to store it before fulfilling the order.
13	380. Demand for online retail fulfillment services is separate from demand for online
14	marketplace services. Sellers often choose to purchase these services separately. And online
15	retail fulfillment services are frequently provided by distinct suppliers.
16	381. Providers of online retail fulfillment services must have fulfillment facilities in
17	the United States to timely and reliably serve U.Sbased shoppers. Online retail fulfillment
18	services providers that do not have U.S. fulfillment facilities generally are not substitutable for
19	U.S. online retail fulfillment providers.
20	382. Amazon, through FBA, is by far the largest U.S. supplier of online retail
21	fulfillment services. In 2020, Amazon fulfilled orders for over tiems using more than
22	200 U.S. fulfillment centers.
23	383. As the sheer size of Amazon's fulfillment operations suggests, the online retail
24	fulfillment services market benefits from economies of scale. Online retail fulfillment service
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1	providers can ship products faster and cheaper when they can place products closer to the end-
2	consumer by having a large network of fulfillment centers. These speed and cost savings may be
3	shared with shoppers via faster deliveries and cheaper products.
4	384. Amazon recognizes that
5	Amazon measured
6	
7	
8	385. Independent fulfillment providers, too, benefit from large fulfillment volumes that
9	can help them scale and reduce costs. But by tying Prime eligibility to FBA use, Amazon
10	effectively removes the opportunity for online fulfillment providers to compete for Prime order
11	volumes—locking in those volumes for FBA alone.
12	386. This foreclosure denies independent fulfillment providers an important source of
13	scale that may contribute to their growth, allow them to take advantage of volume-based cost
14	savings, and help them build the infrastructure necessary to efficiently fulfill orders for products
15	sold online.
16	387. Unlike Amazon's FBA, independent fulfillment providers are agnostic about the
17	channel from which sales originate. These independent logistics firms let sellers offer products
18	seamlessly across multiple marketplaces and online superstores.
19	388. In contrast to independent fulfillment providers, Amazon's FBA service only
20	fulfills orders placed on Amazon's Marketplace. Sellers cannot use FBA to fulfill orders off
21	Amazon. To fulfill orders off Amazon, sellers can pay an additional fee for a separate Amazon
22	fulfillment service.
23	
24	

1	389. In a competitive world, the growth of independent fulfillment providers could
2	erode Amazon's monopoly power in the relevant markets. Successful independent fulfillment
3	providers could foster competition among marketplaces by breaking down the barrier to
4	efficiently selling across marketplaces. That, in turn, could open up rival online superstores' and
5	online marketplace services providers' ability to attract sellers' business and product selection.
6	390. Amazon's former head of Global Fulfillment Services internally voiced
7	
8	Another executive
9	
10	
11	
12	
13	391. Following conversations with sellers, other Amazon executives confirmed
14	
15	Amazon's
16	former head of Global Fulfillment Services
17	
18	392. Prime-eligible fulfillment volumes are significant. In 2020, FBA fulfilled more
19	than units, which, if shipped individually, would account for nearly boxes for
20	every person in the United States. Conditioning Prime eligibility on FBA enrollment has locked
21	in massive volumes of shipments exclusively to Amazon, allowing it to scale its fulfillment
22	network into the behemoth it is today.
23	393. Independent fulfillment providers' operations remain far smaller than FBA.
24	These providers fulfill orders for only a few thousand, and often only a few hundred, sellers.
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1	Had independent fulfillment providers been able to compete for Amazon order volumes, they
2	could have won significant business from Amazon's third-party sellers.
3	394. Amazon ensures that independent fulfillment providers will stay artificially small
4	by requiring that sellers who want Prime-eligible products use FBA for fulfillment. As a result,
5	Amazon makes some providers' services comparatively more expensive because they are unable
6	to take full advantage of the economies of scale. Amazon locks in the scale for itself through
7	tying Prime eligibility to use of FBA, and sellers have fewer choices for fulfillment providers.
8	c. Amazon unlawfully maintains its monopolies by conditioning
9	Prime eligibility on sellers' use of FBA
10	395. Through these twin mechanisms—(1) raising the costs for sellers of using
11	multiple sales channels and (2) artificially stunting the growth of independent fulfillment
12	providers—Amazon maintains its monopolies in the online superstore and online marketplace
13	services markets by denying rivals the ability to gain the scale needed to compete meaningfully
14	against Amazon.
15	396.
16	
17	Some sellers on Amazon that might otherwise also sell off
18	Amazon choose not to due to the associated logistics and administrative costs, while other sellers
19	offer only certain products to other online stores. Sellers must effectively accept Amazon's
20	burdensome terms, and Amazon's rivals are thus deprived of the opportunity to meaningfully
21	compete for sellers. By tying a product's Prime eligibility to the seller's use of FBA for that
22	product, Amazon suppresses competition for sellers' product selection and for online shoppers.
23	
24	
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1	4. Amazon's use of Seller Fulfilled Prime underscores the harms to
2	competition caused by Amazon's conditioning Prime eligibility on use
3	of FBA
4	397. Amazon's fear of a world in which unrestricted seller choice leads to increased
5	competition is grounded in experience. For a period of time, Amazon temporarily allowed
6	sellers to use their own fulfillment solution for Prime-eligible orders. When Amazon realized it
7	had lowered a barrier to competition, it quickly reversed course.
8	398. In 2015, Amazon briefly experimented with allowing a small subset of sellers to
9	fulfill Prime-eligible orders without using FBA. That year, Amazon launched a program it later
10	called Seller Fulfilled Prime ("SFP"), which was
11	SFP let
12	sellers make Prime-eligible offers without purchasing FBA services. Though SFP was popular
13	with sellers, Amazon shuttered SFP enrollment in 2019
14	
15	399. From SFP's launch, Amazon
16	
17	
18	400. SFP was an immediate hit among sellers. In the program's first full year, Amazon
19	onboarded more than sellers. At its peak, approximately sellers had enrolled in
20	SFP. Yet even these enrollment numbers understate seller demand for SFP, because Amazon
21	
22	401. Sellers enrolled in SFP
23	
24	
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1	402. Mr. Bezos highlighted SFP in his 2015 letter to shareholders, explaining that
2	Amazon had "invited sellers to be part of the Prime program and ship their own orders at
3	Prime speed directly." Mr. Bezos described SFP as a win-win for sellers and shoppers, writing,
4	"[t]hose [enrolled] sellers have already seen a significant bump in sales, and the program has led
5	to hundreds of thousands of additional items that are available to Prime customers via free two-
6	day or next-day shipping." Though SFP was benefitting at least some shoppers and sellers,
7	internally certain Amazon executives
8	Amazon executives
9	These executives
10	
11	
12	403. Amazon
13	
14	
15	
16	
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18	404. A few months later,
19	707. It lew months later,
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22	But Amazon decided to prioritize excluding rivals and foreclosing
23	competition, even if it came at a cost to Amazon's customers.
24	COMBLAINT 115

1	405. Some Amazon employees had suggested
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4	
5	Amazon wanted to
6	minimize any potential backlash from SFP sellers, so in 2019 Amazon let sellers already in SFP
7	remain while blocking all new enrollment. Critically, Amazon communicated to those sellers
8	who were already in SFP that it expected them to fulfill orders themselves, rather than using
9	independent fulfillment providers.
10	
11	406. Some sellers who still participate in SFP report frustrations with Amazon's
12	administration of the program, including concerns that Amazon holds SFP sellers to stricter
13	delivery benchmarks than FBA. And despite Amazon's promise that SFP products will receive
14	the Prime badge, Amazon does not consistently display the Prime badge on SFP products.
15	Amazon's search filter that allows shoppers to view only Prime-eligible products suppresses
16	Prime offers fulfilled through SFP.
17	407. Sellers continue to want Prime eligibility uncoupled from the coerced purchase of
18	FBA services.
19	
20	
21	408. Conditioning Prime eligibility on FBA usage—and thus preventing sellers from
22	using independent fulfillment providers—is not necessary to ensure Prime subscribers receive
23	quality shipping. Amazon's internal analyses showed that
24	
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1	For example,
2	
3	
4	Had Amazon genuinely cared about
5	improving shipping speeds, it would have encouraged SFP sellers to use independent fulfillment
6	providers instead of shuttering SFP to deliberately impede those providers' growth.
7	409. Amazon recently announced plans to reopen SFP enrollment. According to
8	Amazon, to enroll in the program, sellers would need to meet rigorous pre-qualification criteria
9	to enroll in a 30-day SFP trial, after which Amazon will determine whether they may participate
10	in SFP. Amazon's communications about upcoming changes to the SFP program continue to
11	indicate that sellers would need to fulfill Prime orders themselves, without using independent
12	fulfillment providers. As of this filing, SFP enrollment remains closed.
13	C. Amazon's Anticompetitive Tactics Work Together To Amplify Their Overall
14	Exclusionary Effect
15	410. The cumulative impact of Amazon's unlawful conduct is greater than the sum of
16	its parts.
17	411. While each anticompetitive tactic independently violates the antitrust laws, all
18	work together in mutually reinforcing ways to stifle even an equally or more efficient
19	competitor's ability to respond to any one of them. As a result, the interrelated nature of
20	Amazon's overall course of conduct amplifies the exclusionary effects of each individual aspect,
21	further entrenching Amazon's monopoly power in and across both relevant markets.
22	412. Both relevant markets exhibit network effects and scale economies that render
23	gaining scale and competitive momentum especially critical. Yet each element of Amazon's
24	course of conduct works together to artificially limit rivals' ability to grow, gather momentum,
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and gain sufficient scale to meaningfully compete against Amazon. Consequently, in these relevant markets, the combined exclusionary effect of Amazon's conduct is especially pernicious and acute.

- 413. The various elements of Amazon's anti-discounting conduct—algorithmically punishing sellers for offering lower prices elsewhere, contractually restraining ASB sellers, and systematically disciplining rivals via its first-party anti-discounting algorithm—work together to suppress competition in both relevant markets, thereby preventing even an equally or more efficient rival from attracting a critical mass of either shoppers or sellers.
- 414. Amazon's requirement that sellers use FBA to obtain Prime eligibility for their products amplifies those effects. By further limiting sellers' alternatives to Amazon, Amazon's coercive fulfillment conduct intensifies the exclusionary effect of its anti-discounting conduct. In a world where rivals and potential rivals were not artificially prevented from gaining the scale needed to meaningfully compete against Amazon, Amazon's seller punishments would pose less of a threat to sellers' survival. But Amazon's coercive FBA conduct works in tandem with its anti-discounting conduct to foreclose that world. The resulting lack of comparable alternatives to Amazon intensifies the severity of Amazon's anti-discounting punishments, giving those punishments—and even the threat of those punishments—greater force.
- 415. Amazon's anti-discounting conduct, in turn, amplifies the exclusionary effects of tying Prime eligibility to sellers' use of FBA. Amazon's FBA conduct alone prevents sellers from using alternatives to FBA to fulfill Prime-eligible orders *on* Amazon and lowers the attractiveness of selling *off* Amazon because it raises sellers' costs, which are often passed on to shoppers. Amazon's anti-discounting conduct further reduces the appeal of selling off Amazon by threatening sellers with the risk of losing their Amazon sales if Amazon detects a lower price elsewhere and suppressing the effectiveness of marketplaces' attempts to compete on price by COMPLAINT 118

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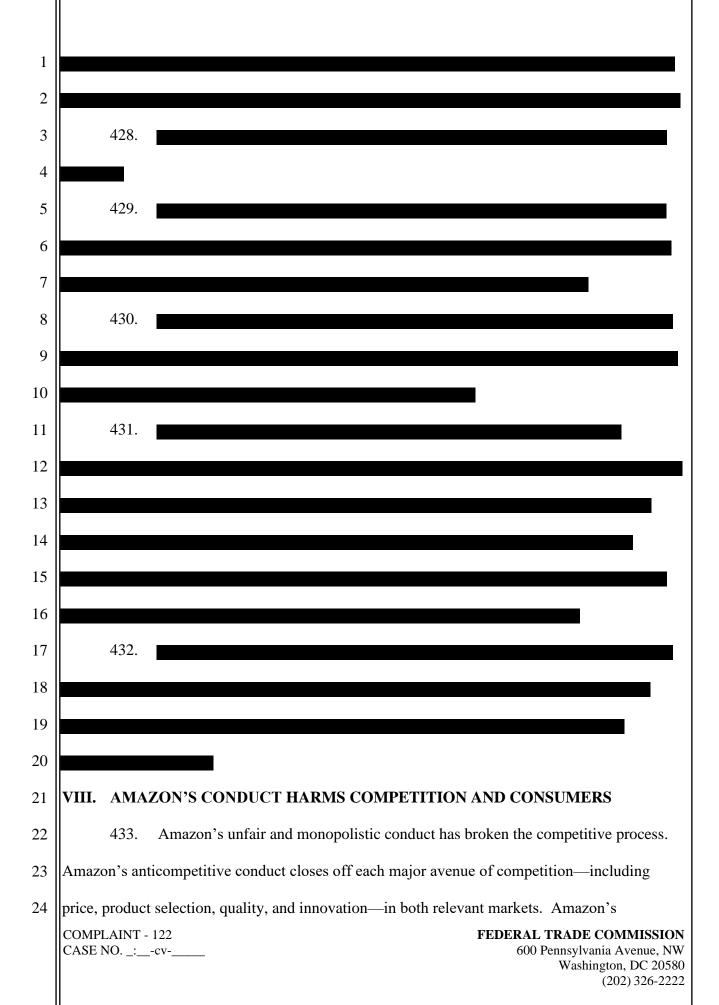
1	lowering their fees to sellers. As a result, sellers are further deterred from bringing additional
2	selection to rival marketplaces, prices for products on rival marketplaces are higher, and
3	independent fulfillment providers are artificially stunted. Collectively, this impedes an equally
4	or more efficient rival from being able to meaningfully compete with Amazon.
5	VII. AMAZON
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7	416.
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11	417. Project Nessie is an algorithm
12	Aware that this scheme belies its public claim that it "seek[s] to be Earth's most customer-centric
13	company,"
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16	418.
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19	A. Project Nessie
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	COMPLAINT - 119 FEDERAL TRADE COMMISSION

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4	423.				
	424.	Amazon used Project	Nessie to		
	425.				
	В.	Amazon Has	P.	roject Nessie	
	426.	Amazan tuniaallu ran	Project Nessia		
•	420.	Amazon typically ran	Project Nessie		
	427.				•
COMPLA CASE N	AINT - O:	121 -cv		FEDE	RAL TRADE COMMISS 600 Pennsylvania Avenue,
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competition in both relevant markets, foreclosing even an innovative, high-quality rival or potential rival from competing on the merits. COMPLAINT - 123

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- 438. Amazon's conduct also harms consumers in both relevant markets. For example, Amazon's conduct has artificially inflated prices for both shoppers and sellers, degraded the quality of online superstores for shoppers and of online marketplace services for sellers, reduced output in both relevant markets, hindered shoppers from comparison-shopping for the best deals, suppressed the flow of useful price and quality information to shoppers, stifled sellers' ability to gain additional business by offering lower prices, restricted sellers' freedom to choose to multihome across their preferred sales channels, reduced consumer choice for both shoppers and sellers by yielding a less diverse set of competitive options, and stripped consumers in both relevant markets of the benefits of innovation.
- Amazon's anticompetitive conduct is not reasonably necessary to achieve any cognizable procompetitive benefits. The anticompetitive harm from those practices outweighs any procompetitive benefits, and Amazon could reasonably achieve any procompetitive goals through less restrictive alternatives.
- 440. Amazon's unlawful conduct has caused cumulative and compounding harm over time. Through its years-long course of illegal conduct, Amazon has deeply entrenched its monopolies in both relevant markets and further widened the gulf between Amazon and everyone else. Particularly given the importance of scale economies and network effects in these markets, Amazon's conduct has yielded a distorted and stunted competitive landscape.
- Left unchecked, Amazon will continue to harm competition and maintain its monopoly power over the online superstore market and the market for online marketplace services, causing myriad and widespread harms to shoppers, sellers, and the public—and depriving Americans of the benefits of fair and free competition.

1	IX. VIOLATIONS ALLEGED
2	COUNT I
3	MONOPOLY MAINTENANCE OF THE ONLINE SUPERSTORE MARKET
4	(15 U.S.C. § 45(a))
5	442. Plaintiff FTC re-alleges and incorporates by reference the allegations in
6	paragraphs 1-441 above.
7	443. At all relevant times, Amazon has had monopoly power in the online superstore
8	market in the United States.
9	444. Amazon has willfully maintained its monopoly power through its course of
10	anticompetitive and exclusionary conduct, including Amazon's anti-discounting practices, which
11	stifle price competition and tend to create an artificial price floor, and Amazon's practice of
12	coercing sellers who want their products to be Prime eligible into using Fulfillment by Amazon,
13	which makes it more difficult and more expensive for rivals to offer increased product selection.
14	445. Although each of these acts is anticompetitive in its own right, these interrelated
15	and independent actions have had a cumulative and synergistic effect that has harmed
16	competition and the competitive process.
17	446. There is no valid procompetitive justification for Amazon's anticompetitive and
18	exclusionary conduct in the online superstore market.
19	447. Amazon's anticompetitive and exclusionary conduct constitutes unlawful
20	monopoly maintenance, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and
21	Section 2 of the Sherman Act, 15 U.S.C. § 2.
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#### **COUNT II**

# MONOPOLY MAINTENANCE OF THE

# ONLINE MARKETPLACE SERVICES MARKET

(15 U.S.C. § 45(a))

- 448. Plaintiff FTC re-alleges and incorporates by reference the allegations in paragraphs 1-447 above.
- 449. At all relevant times, Amazon has had monopoly power in the worldwide market for online marketplace services for U.S. customers.
- 450. Amazon has willfully maintained its monopoly power through its course of anticompetitive and exclusionary conduct, including Amazon's anti-discounting practices, which stifle price competition and tend to create an artificial price floor, and Amazon's practice of coercing sellers who want their products to be Prime eligible into using Fulfillment by Amazon, which makes it more difficult and more expensive for rivals to offer increased product selection.
- 451. Although each of these acts is anticompetitive in its own right, these interrelated and independent actions have had a cumulative and synergistic effect that has harmed competition and the competitive process.
- 452. There is no valid procompetitive justification for Amazon's anticompetitive and exclusionary conduct in the online marketplace services market.
- 453. Amazon's anticompetitive and exclusionary conduct constitutes unlawful monopoly maintenance, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and Section 2 of the Sherman Act, 15 U.S.C. § 2.

**COUNT III** 1 UNFAIR METHOD OF COMPETITION 2 3 (15 U.S.C. § 45(a)) 454. Plaintiff FTC re-alleges and incorporates by reference the allegations in 4 5 paragraphs 1-453 above. Amazon's course of conduct—including Amazon's anti-discounting practices, 6 which stifle price competition and tend to create an artificial price floor, and Amazon's practice 7 8 of coercing sellers who want their products to be Prime eligible into using Fulfillment by Amazon, which makes it more difficult and more expensive for rivals to offer increased product 9 selection—is anticompetitive and exclusionary, and constitutes an unfair method of competition 10 11 in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). 12 456. There is no valid and cognizable justification for Amazon's anticompetitive and 13 exclusionary conduct. 14 **COUNT IV** UNFAIR METHOD OF COMPETITION 15 (15 U.S.C. § 45(a)) 16 457. Plaintiff FTC re-alleges and incorporates by reference the allegations in 17 paragraphs 1-456 above. 18 19 458. Amazon has engaged in an unfair method of competition, called Project Nessie, 20 that 21 22 459. Amazon designed and used its Project Nessie pricing system 23 24 FEDERAL TRADE COMMISSION COMPLAINT - 127

1	460. Amazon's Project Nessie pricing system
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3	461.
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5	462. Amazon's use of its Project Nessie pricing system is an unfair method of
6	competition in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).
7	463. There is no valid and cognizable justification for Amazon's use of Project Nessie
8	COUNT V
9	MONOPOLY MAINTENANCE OF THE ONLINE SUPERSTORE MARKET
10	(15 U.S.C. § 2)
11	464. State Plaintiffs re-allege and incorporate by reference the allegations in
12	paragraphs 1-463 above.
13	465. At all relevant times, Amazon has had monopoly power in the online superstore
14	market in the United States.
15	466. Amazon has willfully maintained its monopoly power through its course of
16	anticompetitive and exclusionary conduct, including Amazon's anti-discounting practices, which
17	stifle price competition and tend to create an artificial price floor, and Amazon's practice of
18	coercing sellers who want their products to be Prime eligible into using Fulfillment by Amazon,
19	which makes it more difficult and more expensive for rivals to offer increased product selection.
20	467. Although each of these acts is anticompetitive in its own right, these interrelated
21	and independent actions have had a cumulative and synergistic effect that has harmed
22	competition and the competitive process.
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	COMPLAINT - 128 FEDERAL TRADE COMMISSION

1	468. Amazon's conduct has harmed and continues to harm competition, and Plaintiff
2	States have therefore suffered and continue to suffer harm to their general economies and to their
3	residents.
4	469. There is no valid procompetitive justification for Amazon's anticompetitive and
5	exclusionary conduct in the online superstore market.
6	470. Amazon's anticompetitive and exclusionary conduct constitutes unlawful
7	monopoly maintenance, in violation of Section 2 of the Sherman Act, 15 U.S.C. § 2.
8	COUNT VI
9	MONOPOLY MAINTENANCE OF THE
10	ONLINE MARKETPLACE SERVICES MARKET
11	(15 U.S.C. § 2)
12	471. State Plaintiffs re-allege and incorporate by reference the allegations in
13	paragraphs 1-470 above.
14	472. At all relevant times, Amazon has had monopoly power in the worldwide market
15	for online marketplace services for U.S. customers.
16	473. Amazon has willfully maintained its monopoly power through its course of
17	anticompetitive and exclusionary conduct, including Amazon's anti-discounting practices, which
18	stifle price competition and tend to create an artificial price floor, and Amazon's practice of
19	coercing sellers who want their products to be Prime eligible into using Fulfillment by Amazon,
20	which makes it more difficult and more expensive for rivals to offer increased product selection.
21	474. Although each of these acts is anticompetitive in its own right, these interrelated
22	and independent actions have had a cumulative and synergistic effect that has harmed
23	competition and the competitive process.
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	COMPLAINT - 129 FEDERAL TRADE COMMISSION

1	475.	Amazon's conduct has harmed and continues to harm competition, and Plaintiff
2	States have th	erefore suffered and continue to suffer harm to their general economies and to their
3	residents.	
4	476.	There is no valid procompetitive justification for Amazon's anticompetitive and
5	exclusionary of	conduct in the online marketplace services market.
6	477.	Amazon's anticompetitive and exclusionary conduct constitutes unlawful
7	monopoly ma	intenance, in violation of Section 2 of the Sherman Act, 15 U.S.C. § 2.
8		COUNT VII
9		VIOLATIONS OF CONNECTICUT STATE LAW
10	478.	The State of Connecticut repeats and re-alleges and incorporates by reference
11	each and ever	y preceding paragraph and allegation of this Complaint as if fully set forth herein.
12	479.	Amazon's actions alleged in the Complaint violate the Connecticut Antitrust Act
13	("CAA"), Gei	neral Statutes § 35-24 et seq.
14	480.	Amazon's actions alleged in the Complaint constitute monopolization of a part of
15	trade or comn	nerce within the state in violation of Conn. Gen. Stat. § 35-27.
16	481.	The State of Connecticut seeks all remedies available under CAA, including,
17	without limita	tion, the following:
18		(a) Injunctive and other equitable relief, pursuant to Conn. Gen. Stat. § 35-34;
19		(b) Costs and attorney's fees, pursuant to Conn. Gen. Stat. § 35-34; and
20		(c) Other remedies as the Court may deem appropriate under the facts and
21		circumstances of the case.
22	482.	Amazon's actions as alleged herein also constitute unfair methods of competition
23	and/or unfair	or deceptive acts or practices in trade or commerce in violation of the Connecticut
24	Unfair Trade	Practices Act ("CUTPA"), Conn. Gen. Stat. § 42-110b et seq.
	COMPLAINT - CASE NO:_	

1	483.	The State of Connecticut seeks all remedies available under CUTPA, including,
2	without limita	ation, the following:
3		(a) Disgorgement, pursuant to Conn. Gen. Stat. § 42-110m;
4		(b) Injunctive and other equitable relief, pursuant to Conn. Gen. Stat. § 42-110m;
5		(c) Costs and attorney's fees, pursuant to Conn. Gen. Stat. § 42-110m; and
6		(d) Other remedies as the Court may deem appropriate under the facts and
7		circumstances of the case.
8		COUNT VIII
9		VIOLATIONS OF MAINE STATE LAW
10	484.	Plaintiff State of Maine repeats and re-alleges and incorporates by reference each
11	and every pre	ceding paragraph and allegation of this Complaint as if fully set forth herein.
12	485.	The aforementioned acts of Amazon violate Section 1102 of the Maine
13	Monopolies a	nd Profiteering Law, 10 M.R.S.A. § 1102.
14	486.	Further, the State of Maine seeks and is entitled to injunctive relief, costs of suit,
15	including nec	essary and reasonable investigative costs, reasonable experts' fees and reasonable
16	attorney fees	under 10 M.R.S.A. § 1104.
17		COUNT IX
18		VIOLATIONS OF MARYLAND STATE LAW
19	487.	Plaintiff State of Maryland repeats and re-alleges and incorporates by reference
20	each and ever	y preceding paragraph and allegation of this Complaint as if fully set forth herein.
21	488.	The aforementioned acts of Amazon violate the Maryland Antitrust Act, MD
22	Commercial I	Law Code, Ann. § 11-201 et seq.
23	489.	Further, Section 11-209(b)(3) provides that the Court may exercise all equitable
24	powers neces	sary to remove the effects of any violation, including injunction, restitution, and
	COMPLAINT - CASE NO:	

1	divestiture. Plaintiff State of Maryland is entitled to costs and reasonable attorney's fees. MD
2	Commercial Law Code, Ann. §§ 11-209(a)(4), 11-209(b)(3).
3	COUNT X
4	VIOLATIONS OF MICHIGAN STATE LAW
5	490. Plaintiff State of Michigan repeats and re-alleges and incorporates by reference
6	each and every paragraph and allegation of the Complaint as if fully set forth herein.
7	491. The acts alleged in the Complaint violate the Michigan Antitrust Reform Act,
8	Mich. Comp. Laws § 445.771, et seq.
9	492. The acts alleged in the Complaint constitute the establishment, maintenance, or
10	use of a monopoly, or an attempt to establish a monopoly, of trade or commerce in a relevant
11	market by Amazon, for the purpose of excluding or limiting competition or controlling, fixing, or
12	maintaining prices, pursuant to Mich. Comp. Laws § 445.773.
13	493. Michigan seeks equitable and injunctive relief as authorized by Mich. Comp.
14	Laws § 445.777, including, without limitation, the following:
15	(a) Injunctive or other equitable relief;
16	(b) Costs and fees incurred by Michigan in this suit; and
17	(c) Other remedies as the Court finds necessary to redress and prevent recurrence
18	of each of Amazon's violations.
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**COUNT XI** 1 VIOLATIONS OF THE NEVADA UNFAIR TRADE PRACTICES ACT 2 3 494. Plaintiff State of Nevada repeats and re-alleges and incorporates by reference each and every preceding paragraph and allegation of this Complaint as if fully set forth herein. 4 5 495. As repeatedly alleged *supra*, Amazon's monopolistic and anticompetitive conduct produced, and continues to produce, harm to businesses and consumers across the Plaintiff 6 States, including in Nevada. Accordingly, the aforementioned acts and practices by Amazon 7 8 were, and continue to be, prohibited acts under the Nevada Unfair Trade Practices Act, as provided in Nev. Rev. Stat. § 598A.060. 9 496. To remedy Amazon's violations of the Nevada Unfair Trade Practices Act, 10 Plaintiff State of Nevada seeks the following relief: 11 (a) Injunctive relief to permanently prevent and restrain Amazon's monopolistic 12 and anticompetitive conduct, pursuant Nev. Rev. Stat. § 598A.070(c)(1); 13 (b) Equitable relief, and specifically disgorgement, pursuant to Nev. Rev. Stat. 14 15 § 598A.070(c)(4); and 16 (c) Any other equitable relief the Court considers appropriate and has the 17 discretion to award pursuant to Nev. Rev. Stat. § 598A.090(4). **COUNT XII** 18 19 VIOLATION OF THE NEW JERSEY ANTITRUST ACT 20 (MONOPOLY MAINTENANCE) 21 497. Plaintiff State of New Jersey repeats and realleges and incorporates by reference 22 each and every preceding paragraph and allegation of this Complaint as if fully set forth herein. 23 498. The New Jersey Antitrust Act, N.J.S.A. 56:9-4(a), states: 24 COMPLAINT - 133 FEDERAL TRADE COMMISSION

1 2	It shall be unlawful for any person to monopolize, or attempt to monopolize, or to combine or conspire with any person or persons, to monopolize trade or commerce in any relevant market within this State.
3	499. In the operation of its business, Amazon engaged in numerous commercial
4	practices that violate the New Jersey Antitrust Act, N.J.S.A. 56:9-1 to -19, including
5	monopolizing or attempting to monopolize trade or commerce in the online superstore market
6	and the market for online marketplace services within the State of New Jersey, in violation of
7	N.J.S.A. 56:9-4.
8	500. Each violation of the New Jersey Antitrust Act by Amazon constitutes a separate
9	unlawful practice and violation, under N.J.S.A. 56:9-16.
10	501. Plaintiff State of New Jersey seeks all remedies available under the New Jersey
11	Antitrust Act, N.J.S.A. 56:9-1 to -19, including, without limitation, the following:
12	(a) Injunctive and other equitable relief, pursuant to N.J.S.A. 56:9-7 and N.J.S.A.
13	56:9-10(a);
14	(b) Costs and attorney's fees, pursuant to N.J.S.A. 56:9-12; and
15	(c) Other remedies as the Court may deem appropriate and the interests of justice
16	may require.
17	COUNT XIII
18	VIOLATION OF THE NEW JERSEY CONSUMER FRAUD ACT ("CFA")
19	(COMMERCIAL PRACTICES IN VIOLATION OF STATE AND FEDERAL LAW)
20	502. Plaintiff State of New Jersey repeats and realleges and incorporates by reference
21	each and every preceding paragraph and allegation of this Complaint as if fully set forth herein.
22	503. The CFA, N.J.S.A. 56:8-4(b), states:
23	In an action brought by the Attorney General, any commercial practice that
24	violates State or federal law is conclusively presumed to be an unlawful practice under [N.J.S.A. 56:8-2]
	COMPLAINT - 134 FEDERAL TRADE COMMISSION

1	504.	In the operation of its business, Amazon engaged in numerous commercial	
2	practices that	violate the New Jersey Antitrust Act, including, but not limited to, N.J.S.A. 56:9-	-4,
3	monopolizing	or attempting to monopolize a part of trade or commerce within the state.	
4	505.	In the operation of its business, Amazon engaged in monopolization, or attempt	ed
5	monopolizatio	on of a part of trade or commerce, in violation of Section 2 of the Sherman Act, 1	5
6	U.S.C. § 2.		
7	506.	Each violation of New Jersey and/or federal law by Amazon, on or after August	t 5,
8	2022, constitu	tes a separate unlawful practice and violation of the CFA, N.J.S.A. 56:8-2, under	r
9	N.J.S.A. 56:8-	4(b).	
10	507.	Plaintiff State of New Jersey seeks all remedies available under the CFA, N.J.S.	.A.
11	56:8-1 to -227	, including, without limitation, the following:	
12		(a) Disgorgement of all profits Amazon derived as a result of the conduct allege	ed
13		herein, pursuant to N.J.S.A. 56:8-8;	
14		(b) Injunctive and other equitable relief, pursuant to N.J.S.A. 56:8-8;	
15		(c) Costs and attorney's fees, pursuant to N.J.S.A. 56:8-11 and N.J.S.A. 56:8-19	9;
16		and	
17		(d) Other remedies as the Court may deem appropriate and the interests of justice	ce
18		may require.	
19		COUNT XIV	
20		VIOLATION OF THE NEW JERSEY CFA BY DEFENDANT	
21	(UN	CONSCIONABLE COMMERCIAL PRACTICES BY DEFENDANT)	
22	508.	Plaintiff State of New Jersey repeats and realleges and incorporates by reference	e
23	each and ever	y preceding paragraph and allegation of this Complaint as if fully set forth herein	l.
24	509.	The CFA, N.J.S.A. 56:8-2, prohibits:	
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1	The act, use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the			
2	knowing concealment, suppression, or omission of any material fact with intent			
3	that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise or real estate, or with the subsequent performance of such person as aforesaid, whether or not any person			
4	has in fact been misled, deceived or damaged thereby			
5	510. The CFA defines "sale" as including "any sale, rental or distribution, offer for			
6	sale, rental or distribution or attempt directly or indirectly to sell, rent or distribute"			
7	N.J.S.A. 56:8-1(e).			
8	511. The CFA defines "merchandise" as "any objects, wares, goods, commodities,			
9	services or anything offered, directly or indirectly to the public for sale." N.J.S.A. 56:8-1(c).			
10	512. At all relevant times, Amazon has engaged in the advertisement, offer for sale,			
11	and sale of merchandise within the meaning of N.J.S.A. 56:8-1(c).			
12	513. In the operation of its businesses, Amazon engaged in unconscionable			
13	commercial practices and deception, and made misrepresentations, in violation of N.J.S.A. 56:8-			
14	2, including, but not limited to, the following:			
15	(a) Raising, maintaining and stabilizing the prices of products in its online			
16	superstore market at artificially high levels;			
17	(b) Representing that it "seek[s] to be the Earth's most customer-centric			
18	company" and creating and perpetuating a reputation for having low or the			
19	lowest prices,			
20	to the detriment of consumers and for reasons unrelated to cost,			
21	supply, and demand; and			
22	(c) Depriving consumers of diversity of selection and free and open markets.			
23	514. Each unconscionable commercial practice, misrepresentation, and act of			
24	deception constitutes a separate violation under the CFA, N.J.S.A. 56:8-2.			
	COMPLAINT - 136 FEDERAL TRADE COMMISSION			

1	515. Plaintiff State of New Jersey seeks all remedies available under the CFA, N.J.S.A.
2	56:8-1 to -227, including, without limitation, the following:
3	(a) Injunctive and other equitable relief, pursuant to N.J.S.A. 56:8-8;
4	(b) Costs and attorney's fees, pursuant to N.J.S.A. 56:8-11 and N.J.S.A. 56:8-19;
5	and
6	(c) Other remedies as the Court may deem appropriate and the interests of justice
7	may require.
8	COUNT XV
9	VIOLATIONS OF NEW YORK STATE LAW
10	516. Plaintiff State of New York repeats and re-alleges and incorporates by reference
11	each and every paragraph and allegation of this Complaint as if fully set forth herein.
12	517. Amazon's aforementioned acts and practices alleged in the Complaint violate
13	Section 63(12) of New York's Executive Law, in that Amazon engaged in repeated and/or
14	persistent illegal acts—violations of Section 2 of the Sherman Act and Section 5 of the FTC
15	Act—in the carrying on, conducting, or transaction of business within the meaning and intent of
16	Executive Law Section 63(12).
17	COUNT XVI
18	VIOLATIONS OF OKLAHOMA STATE LAW
19	518. Plaintiff State of Oklahoma repeats and re-alleges and incorporates by reference
20	each and every preceding paragraph and allegation of this Complaint as if fully set forth herein.
21	519. Amazon was at all times relevant hereto engaged in trade and commerce within
22	the State of Oklahoma.
23	520. The acts alleged in the Complaint constitute violations of the Oklahoma Antitrust
24	Reform Act, 79 O.S. §§ 201, et seq.
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1	(a) The acts alleged in the Complaint constitute unlawful monopolization of a	
2	part of trade or commerce in a relevant market within the State of Oklahoma	
3	pursuant to 79 O.S. § 203.	
4	521. Plaintiff State of Oklahoma seeks relief under the Oklahoma Antitrust Reform	
5	Act, 79 O.S. §§ 201, et seq., including, without limitation, the following:	
6	(a) Injunctive and other equitable relief pursuant to 79 O.S. § 205;	
7	(b) Disgorgement and restitution pursuant to 79 O.S. § 205;	
8	(c) Costs and attorney's fees pursuant to 79 O.S. § 205; and	
9	(d) Other remedies as the Court may deem appropriate under the facts and	
10	circumstances of the case.	
11	522. The acts alleged in the Complaint also constitute violations of the Oklahoma	
12	Consumer Protection Act, 15 O.S. §§ 751, et seq.	
13	(a) Amazon is a person within the meaning of 15 O.S. § 752;	
14	(b) The acts alleged in the Complaint occurred in connection with consumer	
15	transactions within the meaning of 15 O.S. § 752; and	
16	(c) The acts alleged in the Complaint constitute unfair or deceptive trade	
17	practices, within the meaning of 15 O.S. § 752, and were committed in	
18	violation of 15 O.S. § 753.	
19	523. Plaintiff State of Oklahoma seeks relief under the Oklahoma Consumer	
20	Protection Act, 15 O.S. §§ 751, et seq., including, without limitation, the following:	
21	(a) Injunctive and other equitable relief pursuant to 15 O.S. § 756.1;	
22	(b) Disgorgement and restitution pursuant to 79 O.S. § 756.1;	
23	(c) Costs and attorney's fees pursuant to 15 O.S. § 761.1; and	
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(d) Other remedies as the Court may deem appropriate under the facts and circumstances of the case.

### **COUNT XVII**

# VIOLATIONS OF OREGON STATE LAW

- Plaintiff State of Oregon, acting by and through its Attorney General, Ellen Rosenblum (the "State of Oregon"), repeats and re-alleges and incorporates by reference each and every preceding paragraph and allegation of this Complaint as if fully set forth herein.
- 525. The acts alleged in the Complaint also constitute violations of the Oregon Antitrust Law, Oregon Revised Statutes ("ORS") 646.705 to ORS 646.836. These violations had impacts within the State of Oregon and substantially affected the people of Oregon.
- 526. The State of Oregon appears in its sovereign or quasi-sovereign capacities and under its statutory, common law, and equitable powers pursuant to Section 4 of the Sherman Act, 15 U.S.C. § 4, Section 16 of the Clayton Act, 15 U.S.C. § 26, and the Oregon Antitrust Law including ORS 646.760 and ORS 646.770. The State of Oregon seeks equitable and injunctive relief under federal law and the Oregon Antitrust Law, including, without limitation, the following:
  - (a) Equitable relief pursuant to federal law including Section 4 of the Sherman Act, 15 U.S.C. § 4, and pursuant to state law including ORS 646.770;
  - (b) Injunctive relief pursuant to Section 16 of the Clayton Act, 15 U.S.C. § 26, ORS 646.760, and ORS 646.770;
  - (c) The cost of suit, including expert witness fees, costs of investigation, and attorney's fees, pursuant to Section 16 of the Clayton Act, 15 U.S.C. § 26, ORS 646.760, and ORS 646.770; and

(d) Other remedies as the Court may deem appropriate under the facts and 1 circumstances of the case. 2 **COUNT XVIII** 3 VIOLATIONS OF PENNSYLVANIA STATE LAW 4 Pennsylvania's Unfair Trade Practices And Consumer Protection Law 5 A. 527. Plaintiff Commonwealth of Pennsylvania repeats and re-alleges and incorporates 6 by reference each and every paragraph and allegation of this Complaint as if fully set forth 7 8 herein. 528. 9 Amazon's lines of business ranging from online retail, media, cloud computing, grocery stores, advertising and logistics and operational services are offered to consumers 10 through their substantial online presence as well as physical locations in the case of grocery 11 stores. By engaging in the conduct more fully described herein with respect to these products 12 and services, Amazon is engaging in trade or commerce that has directly or indirectly harmed the 13 Commonwealth of Pennsylvania and Pennsylvania consumers within the meaning of 73 P.S. 14 15 § 201-2(3) of the Pennsylvania Unfair Trade Practices and Consumer Protection Law ("PUTPCPL"). 16 529. 17 The Pennsylvania Attorney General has reason to believe that Amazon is using or is about to use any method, act or practice in violation of 73 P.S. § 201-3 and it is in the public 18 interest to prevent and restrain the use of such methods, acts or practices under 73 P.S. § 201-4. 19 20 1. Unfair methods of competition and unfair acts or practices under 21 **PUTPCPL** 22 530. Plaintiff Commonwealth of Pennsylvania repeats and re-alleges and incorporates 23 by reference each and every paragraph and allegation of the Complaint as if fully set forth 24 herein. COMPLAINT - 140

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1	including, but not limited to, "Engaging in any other fraudulent or deceptive conduct which		
2	creates a likelihood of confusion or of misunderstanding" in violation of 73 P.S. § 201-2(4)(xxi).		
3	537. The above-described conduct created the likelihood of confusion and		
4	misunderstanding and exploited unfair advantage of the Commonwealth of Pennsylvania and		
5	consumers seeking to exercise a meaningful choice in markets expected to be free of impairment		
6	to the competitive process and thus constitutes an unfair method of competition through one or		
7	more of the following:		
8	(a) Violating Section 2 of the Sherman Act, 15 U.S.C. § 2, through willfully		
9	maintaining its monopoly power over the online superstore market as set forth		
10	in the preceding counts;		
11	(b) Violating Section 2 of the Sherman Act, 15 U.S.C. § 2, through willfully		
12	maintaining its monopoly power over the market for online marketplace		
13	services as set forth in the preceding counts;		
14	(c) Violating Section 5 of the Federal Trade Commission Act, 15 U.S.C § 45(a);		
15	(d) Violating Pennsylvania antitrust common law through willfully maintaining		
16	its monopoly power over the online superstore market;		
17	(e) Violating Pennsylvania antitrust common law through willfully maintaining		
18	its monopoly power over the market for online marketplace services; and/or		
19	(f) Engaging in any conduct which causes substantial injury to consumers.		
20	538. The above-described conduct substantially injured consumers and the		
21	Commonwealth of Pennsylvania.		
22	539. The Commonwealth seeks entry of a permanent injunction restraining Amazon's		
23	unlawful conduct and mandating corrective measures pursuant to 73 P. S. § 201-4.		
24			
	i		

1	540. The Commonwealth also requests that the Court direct Amazon to restore to the		
2	Commonwealth on behalf of all victims the ill-gotten gains acquired from their inflated pricing		
3	during the period of time Amazon's unlawful conduct took place, pursuant to 73 P. S. § 201-4.1		
4	2. Deceptive acts or practices under PUTPCPL		
5	541. Plaintiff Commonwealth of Pennsylvania repeats and re-alleges and incorporates		
6	by reference each and every paragraph and allegation of the Complaint as if fully set forth		
7	herein.		
8	542. Amazon deceptively misrepresented to the Commonwealth of Pennsylvania and		
9	consumers that Amazon's pricing in the online superstore market and the market for online		
10	marketplace services was competitive and fair.		
11	543. Amazon deceptively concealed from, or otherwise misled, the Commonwealth of		
12	Pennsylvania and consumers as to the actual characteristics of the marketplace being other than		
13	competitive and fair.		
14	544. Regardless of the nature or quality of Amazon's aforementioned acts or practices		
15	on the competitive process or competition, Amazon's conduct has had the tendency or capacity		
16	to deceive.		
17	545. Amazon's deceptive conduct has resulted in the Commonwealth and consumers		
18	being substantially injured by paying more for products than they otherwise would have in a free		
19	open, fair, and competitive market.		
20	546. Amazon's deceptive misrepresentations and failure to disclose material facts hav		
21	had the following effects: (1) competition in the online superstore market and the market for		
22	online marketplace services has been restrained, suppressed and eliminated throughout		
23	Pennsylvania; (2) prices for products in the online superstore market and the market for online		
24	marketplace services prices have been raised, maintained and stabilized at artificially-high level		
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1	throughout Pennsylvania; (3) Commonwealth of Pennsylvania and consumers have been		
2	deprived of free and open markets; and (4) Commonwealth of Pennsylvania and consumers have		
3	paid supra-competitive, artificially inflated prices for products in the online superstore market		
4	and the market for online marketplace services.		
5	547. Amazon's impairment of choice and the competitive process has caused the		
6	Commonwealth of Pennsylvania and consumers to suffer and to continue to suffer loss of mone	Эy	
7	by means of Amazon's use or employment of unfair methods of competition and/or unfair acts	OI	
8	practices as set forth above.		
9	548. Amazon's conduct more fully described herein is unlawful pursuant to 73 P. S.		
10	§ 201-3.		
11	549. The aforesaid methods, acts or practices constitute deceptive acts or practices		
12	within their meaning under Section 2 (4) of the PUTPCPL, including, but not limited to:		
13	(a) "Representing that goods or services have sponsorship, approval,		
14	characteristics, ingredients, uses, benefits or quantities that they do not have	Ol	
15	that a person has a sponsorship, approval, status, affiliation or connection that	at	
16	he does not have" in violation of 73 P.S. § 201-2(4)(v);		
17	(b) "Representing that goods or services are of a particular standard, quality or		
18	grade, or that goods are of a particular style or model, if they are of another"	,	
19	in violation of 73 P.S. § 201-2(4)(vii);		
20	(c) "Engaging in any other fraudulent or deceptive conduct which creates a		
21	likelihood of confusion or of misunderstanding" in violation of 73 P.S. § 201	1-	
22	2(4)(xxi).		
23	550. The above-described conduct created the likelihood of confusion and		
24	misunderstanding and exploited the deception and lack of disclosure as to the actual		
	COMPLAINT - 144  FEDERAL TRADE COMMISSIO  600 Pennsylvania Avenue, N		

1	characteristics of the marketplace to the Commonwealth of Pennsylvania and consumers seeking		
2	to exercise a meaningful choice in markets expected to be free, open, fair, and competitive and		
3	thus constitutes a deceptive act or practice.		
4	551.	The Commonwealth seeks entry of a permanent injunction restraining Amazon's	
5	unlawful condu	ct and mandating corrective measures pursuant to 73 P. S. § 201-4.	
6	552.	The Commonwealth also requests that the Court direct Amazon to restore to the	
7	Commonwealth	on behalf of all victims the ill-gotten gains acquired from their inflated pricing	
8	during the perio	ed of time Amazon's unlawful conduct took place, pursuant to 73 P. S. § 201-4.1.	
9	В. О	Common Law Doctrine Against Monopolization	
10	553. I	Plaintiff Commonwealth of Pennsylvania repeats and re-alleges and incorporates	
11	by reference each	ch and every paragraph and allegation of the Complaint as if fully set forth	
12	herein.		
13	554.	The conduct to maintain Amazon's monopolies as set forth in the preceding	
14	counts constitut	es monopolization in violation of Pennsylvania antitrust common law.	
15	555. A	Amazon's conduct in maintaining its monopolies had the following effects: (1)	
16	competition in t	he online superstore market and the market for online marketplace services has	
17	been restrained, suppressed and eliminated throughout Pennsylvania; (2) online superstore		
18	market prices h	ave been raised, maintained and stabilized at artificially-high levels throughout	
19	Pennsylvania; (	3) Commonwealth of Pennsylvania and Pennsylvania consumers have been	
20	deprived of free and open markets; and (4) Commonwealth of Pennsylvania and Pennsylvania		
21	consumers have paid supra-competitive, artificially inflated prices for online superstore products		
22	and online mark	cetplace services.	
23	556.	The Commonwealth seeks all available equitable relief under Pennsylvania	
24	common law.		
	COMPLAINT - 14 CASE NO:c		

**COUNT XIX** 1 VIOLATIONS OF RHODE ISLAND LAW 2 3 557. Plaintiff State of Rhode Island repeats and re-alleges and incorporates by reference each and every preceding paragraph and allegation in the Complaint as if fully set forth 4 herein. 5 Amazon's actions as alleged herein violate the Rhode Island Antitrust Act, R.I. 558. 6 7 Gen. Laws § 6-36-1, et seq. 8 559. Plaintiff State of Rhode Island seeks all remedies available under the Rhode 9 Island Antitrust Act, R.I. Gen. Laws §§ 6-36-10, 6-36-11 and 6-36-12 and seeks relief, including but not limited to injunctive relief, equitable monetary relief, fees, costs, and such other relief as 10 11 this Court deems just and equitable. 560. Amazon's actions as alleged herein constitute unfair methods of competition and 12 unfair or deceptive acts or practices as defined in the Rhode Island Deceptive Trade Practices 13 14 Act, R.I. Gen. Laws § 6-13.3-1, et seq. 15 561. The State of Rhode Island brings this action pursuant to R.I. Gen. Laws § 6-13.1-16 5, and seeks relief, including but not limited to injunctive relief, equitable monetary relief, fees, 17 costs, and such other relief as this Court deems just and equitable. **COUNT XX** 18 19 VIOLATIONS OF WISCONSIN STATE LAW 20 562. Plaintiff State of Wisconsin repeats and re-alleges and incorporates by reference 21 each and every paragraph and allegation in this Complaint as if fully set forth herein. 22 563. The aforementioned practices by Defendant are in violation of Wisconsin's 23 Antitrust Act, Wis. Stat. Ch. § 133.03 et seq. These violations substantially affect the people of 24 Wisconsin and have impacts within the State of Wisconsin. COMPLAINT - 146 FEDERAL TRADE COMMISSION

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600 Pennsylvania Avenue, NW Washington, DC 20580 (202) 326-2222

- 1			
1	564.	Plaintiff State of Wisconsin, through its Attorney General and under its antitrust	
2	enforcement authority in Wis. Stat. Ch. 133, is entitled to all remedies available under Wis. Stat.		
3	§§ 133.03, 133.16, 133.17, and 133.18.		
4	X. REQU	JEST FOR RELIEF	
5	WHE	REFORE Plaintiffs request that this Court, as authorized by 15 U.S.C. § 53(b); 15	
6	U.S.C. § 26; C	Conn. Gen. Stat. §§ 35-32(a) and 42-110m; 10 M.R.S.A. § 1104; Maryland	
7	Commercial L	Law Code Ann. § 11-209; Mich. Comp. Laws § 445.777; Nev. Rev. Stat.	
8	§§ 598A.070 a	and 598A.160; N.J.S.A. 56:8-8, 56:8-11, 56:8-19, 56:9-6, 56:9-7, 56:9-10(a), and	
9	56:9-12; New	York Executive Law § 63(12); Oklahoma Statutes §§ 79-203 and 15-756.1;	
10	Oregon Revise	ed Statutes 646.760 and 646.770; Pennsylvania Unfair Trade Practices and	
11	Consumer Pro	otection Law, 73 P.S. § 201-4, Pennsylvania common law antitrust doctrine, and the	
12	Commonweal	th Attorneys Act, 71 P.S. § 732-204(c); R.I. Gen. Laws § 6-36-10; Wis. Stat.	
13	§§ 133.03, 133	3.16, and 133.17; and its own equitable powers, enter final judgment against	
14	Amazon, decl	aring, ordering, and adjudging:	
15	1.	that Amazon's conduct violates Section 5(a) of the FTC Act, 15 U.S.C. § 45(a);	
16	2.	that Amazon's conduct violates Section 2 of the Sherman Act, 15 U.S.C. § 2;	
17	3.	that Amazon's conduct violates the Connecticut Antitrust Act, General Statutes	
18		§ 35-24 et seq., and the Connecticut Unfair Trade Practices Act, Conn. Gen. Stat.	
19		§ 42-110b et seq.;	
20	4.	that Amazon's conduct violates Section 1102 of the Maine Monopolies and	
21		Profiteering Law, 10 M.R.S.A. § 1102;	
22	5.	that Amazon's conduct violates the Maryland Antitrust Act, Maryland	
23		Commercial Law Code Ann. § 11-201 et seq.;	
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1	6.	that Amazon's conduct violates the Michigan Antitrust Reform Act, Mich. Comp.
2		Laws § 445.771 et seq.;
3	7.	that Amazon's conduct violates the Nevada Unfair Trade Practices Act, Nev. Rev
4		Stat. § 598A.060;
5	8.	that Amazon's conduct violates N.J.S.A. 56:8-1 to -227, and N.J.S.A. 56:9-1 to -
6		19;
7	9.	that Amazon's conduct violates New York Executive Law § 63(12);
8	10.	that Amazon's conduct violates the Oklahoma Antitrust Reform Act, 79 O.S.
9		§§ 201, et seq., and the Oklahoma Consumer Protection Act, 15 O.S. §§ 751, et
10		seq.;
11	11.	that Amazon's conduct violates the Oregon Antitrust Law, Oregon Revised
12		Statutes 646.705 to 646.836;
13	12.	that Amazon's conduct violates the Pennsylvania Unfair Trade Practices and
14		Consumer Protection Law, 73 P.S. § 201-3, and Pennsylvania common law
15		antitrust doctrine;
16	13.	that Amazon's conduct violates the Rhode Island Antitrust Act, R.I. Gen. Laws
17		§ 6-36-1, et seq.;
18	14.	that Amazon's conduct violates Wis. Stat. § 133.03 et seq.;
19	15.	that Amazon is permanently enjoined from engaging in its unlawful conduct;
20	16.	that Amazon is permanently enjoined from engaging in similar or related conduct
21		or any conduct with the same or similar purpose and effect;
22	17.	any preliminary or permanent equitable relief, including but not limited to
23		structural relief, necessary to redress and prevent recurrence of Amazon's
24		violations of the law, as alleged herein;
	COMPLAINT -	148 FEDERAL TRADE COMMISSION

1	18.	any preliminary or permanent equitable relief, including but not limited to
2		structural relief, necessary to restore fair competition and remedy the harm to
3		competition caused by Amazon's violations of the law;
4	19.	that the Court grant Plaintiff States equitable monetary relief pursuant to all
5		applicable law;
6	20.	that the Court grant Plaintiff States the costs of suit, including all available fees
7		and costs; and
8	21.	that the Court grant any additional relief the Court finds just and proper.
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	COMPLAINT -	149 FEDERAL TRADE COMMISSIO

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	1		
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	CASE NO:cv		600 Pennsylvania Avenue, N
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COMPLAINT - 151 CASE NO. \_:\_\_-cv-\_\_\_\_

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COMPLAINT - 154 CASE NO. \_:\_\_-cv-\_\_\_\_

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COMPLAINT - 157 CASE NO. \_:\_\_-cv-\_\_\_\_

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COMPLAINT - 158 CASE NO. \_:\_\_-cv-\_\_\_\_

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COMPLAINT - 159 CASE NO. \_:\_\_-cv-\_\_\_\_

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COMPLAINT - 160 CASE NO. \_:\_\_-cv-\_\_\_\_

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1	PLAINTIFF STATE OF NEW HAMPSHIRE:	
2		By its attorney,
3		JOHN M. FORMELLA Attorney General
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COMPLAINT - 162 CASE NO. \_:\_\_-cv-\_\_\_\_

# FOR PLAINTIFF STATE OF NEW JERSEY: 2 MATTHEW J. PLATKIN 3 Attorney General of New Jersey Ana Atta-Alla 4 (pro hac vice forthcoming) Deputy Attorney General 5 Ana.Atta-Alla@law.njoag.gov Isabella Pitt 6 (pro hac vice forthcoming) Assistant Section Chief – Antitrust 7 Isabella.Pitt@law.njoag.gov 8 New Jersey Office of the Attorney General 124 Halsey Street, 5<sup>th</sup> Floor 9 Newark, NJ 07101 10 (973) 648-3070 11 Attorneys for Plaintiff State of New Jersey 12 13 14 15 16 17 18 19 20 21 22 23 24

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COMPLAINT - 164 CASE NO. \_:\_\_-cv-\_\_\_\_

1	FOR PLAINTIFF STATE OF OKLAHOMA:	
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3		GENTNER DRUMMOND Attorney General
5		Caleb J. Smith, OBA No. 33613 (pro hac vice forthcoming)
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COMPLAINT - 165 CASE NO. \_:\_\_-cv-\_\_\_\_

1	FOR PLAINTIFF STATE OF OREGON:	
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3		ELLEN F. ROSENBLUM Attorney General
<ul><li>4</li><li>5</li></ul>		s/ Timothy D. Smith TIMOTHY D. SMITH, WSBA No. 44583
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COMPLAINT - 166 CASE NO. \_:\_\_-cv-\_\_\_\_

1	FOR PLAINTIFF STATE OF RHODE ISLAND:	
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COMPLAINT - 167 CASE NO. \_:\_\_-cv-\_\_\_\_

1	FOR PLAINTIFF STATE OF WISCONSIN:	
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24	COMPLAINT - 168 CASE NO:cv	FEDERAL TRADE COMMISSIO 600 Pennsylvania Avenue, N