



FEDERAL TRADE COMMISSION
 PROTECTING AMERICA'S CONSUMERS

FTC Imposes Conditions on Staples' Acquisition of Office Supply Wholesaler Essendant Inc.

Settlement will prevent anticompetitive harm by restricting Staples' access to Essendant's commercially sensitive data

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FOR RELEASE

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Office supply distributors Staples Inc. and Essendant Inc. have agreed to a settlement as part of the companies' proposed \$482.7 million merger in order to resolve Federal Trade Commission allegations that the deal may have harmed competition in the market for office supply products sold to small- and mid-sized businesses.

Staples, which is owned by the private-equity firm Sycamore Partners, will establish a firewall separating Staples' business-to-business sales operations from Essendant's wholesale business, under the settlement order with the FTC. This firewall will restrict Staples' access to the commercially sensitive information of Essendant's customers.

Staples is the largest vertically integrated reseller of office products in the United States, and one of only two retail office supply superstores in the United States. Essendant is the largest U.S. wholesale distributor of office products, including sales of office products, janitorial products, breakroom supplies, technology products, office furniture, and industrial and automotive products. It sells a range of office products to office supply resellers and owns a network of distribution centers and trucks.

In a complaint filed along with the consent agreement, the FTC alleged that Staples competes with Essendant-sourced independent dealers to sell office supplies to mid-sized business customers. As a result of the acquisition, Staples would have access to commercially sensitive business information on Essendant's reseller customers, and those resellers' end customers, which could allow Staples to offer higher prices than it otherwise would when bidding against a reseller for an end customer's business.

The settlement order will limit access to commercially sensitive information of dealers who buy from Essendant, including those dealers' data about their customers, to only those Staples employees who will be performing wholesale functions.

Further details about the consent agreement, which allows the Commission to appoint a monitor and requires prior notice to the Commission for certain acquisitions, are set forth in the analysis to aid public comment for this matter.

The Commission vote to issue the complaint and accept the consent order for public comment was 3-2. Chairman Simons, Commissioner Phillips, and Commissioner Wilson issued a statement. Commissioner Wilson also issued a separate statement, and Commissioner Chopra and Commissioner Slaughter issued dissenting statements. The FTC will publish the consent agreement package in the Federal Register shortly. The agreement will be subject to public comment for 30 days, beginning today and continuing through Feb. 27, 2019. The Commission issued the accompanying Decision and Order as final prior to seeking public comment, as provided in Section 2.34(c) of the Commission's Rules. This will allow the Commission to enforce the Order if there are any violations of its provisions during the public comment period. Comments received during this period will become part of the public record. After 30 days, the Commission again will review the Consent Agreement and comments received, and decide whether it should withdraw from the Consent Agreement, or modify the accompanying Order. Comments can be filed electronically or in paper form by following the instructions in the "Supplementary Information" section of the Federal Register notice.

NOTE: The Commission issues an administrative complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of up to \$41,484.

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Contact Information

MEDIA CONTACT:

[Betsy Lordan](#)

Office of Public Affairs

202-326-3707



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