

UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Joseph J. Simons, Chairman  
Noah Joshua Phillips  
Rohit Chopra  
Rebecca Kelly Slaughter  
Christine S. Wilson

|                             |   |                   |
|-----------------------------|---|-------------------|
| _____                       | ) |                   |
| In the Matter of            | ) |                   |
|                             | ) |                   |
| Sycamore Partners II, L.P., | ) |                   |
| a limited partnership;      | ) | Docket No. C-4667 |
|                             | ) |                   |
| Staples, Inc.               | ) |                   |
| a corporation               | ) |                   |
|                             | ) |                   |
| and                         | ) |                   |
|                             | ) |                   |
| Essendant Inc.,             | ) |                   |
| a corporation.              | ) |                   |
| _____                       | ) |                   |

**COMPLAINT**

Pursuant to the Clayton Act and the Federal Trade Commission Act (“FTC Act”), and by virtue of the authority vested in it by said Acts, the Federal Trade Commission (“Commission”), having reason to believe that Respondent Sycamore Partners II, L.P. (“Sycamore”), a limited partnership subject to the jurisdiction of the Commission, and Respondent Staples, Inc. (“Staples”), a corporation subject to the jurisdiction of the Commission, agreed to acquire Respondent Essendant Inc. (“Essendant”), a corporation subject to the jurisdiction of the Commission, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act (“FTC Act”), as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

**I. RESPONDENTS**

1. Respondent Sycamore is a limited partnership organized, existing, and doing business under, and by virtue of, the laws of the Cayman Islands, with its executive offices and principal place of business located at 9 West 57<sup>th</sup> Street, 31<sup>st</sup> floor, New York, New York 10019.

Sycamore is a private equity firm specializing in retail and consumer investments. Sycamore own and operates a number of retailers, including Staples.

2. Respondent Staples is a corporation organized, existing, and doing business under, and by virtue of, the laws of the State of Delaware with its executive offices and principal place of business located at 500 Staples Drive, Framingham, Massachusetts 01702. Staples is the largest vertically integrated reseller of office products in the United States, selling to individual consumers through its website and retail stores, as well as to business-to-business customers through its North American Delivery division.

3. Respondent Essendant is a corporation organized, existing, and doing business under, and by virtue of, the laws of the State of Delaware with its executive offices and principal place of business located at One Parkway North Boulevard, Suite 100, Deerfield, Illinois 60015. Essendant is the largest wholesale distributor of office products in the United States, selling exclusively to resellers.

## **II. THIRD-PARTY OFFICE PRODUCTS RESELLERS**

4. Essendant's reseller customers include large national accounts (such as Staples and Office Depot, Inc.), online retailers (such as Amazon.com, Inc. and Jet.com), and a large number of independently owned and operated dealers throughout the United States. Most of these resellers compete with Staples to sell office products and related services to midmarket business-to-business customers.

## **III. JURISDICTION**

5. Respondents, and each of their relevant operating subsidiaries and parent entities, are, and at all times relevant herein have been, engaged in commerce, or in activities affecting commerce, within the meaning of Section 1 of the Clayton Act, 15 U.S.C. § 12, and Section 4 of the FTC Act, 15 U.S.C. § 44.

## **IV. THE ACQUISITION**

6. Pursuant to an Agreement and Plan of Merger dated as of September 14, 2018, Staples and its affiliates propose to acquire all of the outstanding shares of common stock of Essendant ("the Acquisition").

## **V. THE RELEVANT MARKETS**

7. The relevant line of commerce in which to analyze the effects of the Acquisition is the sale and distribution of office products to midmarket business-to-business customers. The sale and distribution of office products to midmarket business-to-business customers entails selling office products and related services to customers who purchase those products and services for consumption, not for resale. Midmarket customers are small- and medium-sized organizations.

8. The relevant geographic markets in which to analyze the effects of the Acquisition are local areas in the various resellers' territories.

#### **VI. THE STRUCTURE OF THE MARKETS**

9. The sale and distribution of office products to midmarket business-to-business customers in local areas is a relevant market. This market contains many resellers, with Essendant's reseller customers accounting for a substantial share of the market.

#### **VII. ENTRY CONDITIONS**

10. Entry into each relevant market would not be timely, likely, or sufficient to prevent or mitigate the anticompetitive effects described in Paragraph 11.

#### **VIII. EFFECTS OF THE ACQUISITION**

11. As a result of the Acquisition, Sycamore and Staples would have access to Essendant's reseller customers' commercially sensitive business information, which could allow Staples to offer higher prices than it otherwise would when bidding against a reseller for an end customer's business. Sycamore's and Staples' access to this commercially sensitive information may substantially lessen competition in the market for the sale and distribution of office products to midmarket business-to-business customers by eliminating direct and substantial competition between Respondents Staples' and Essendant's reseller customers which may result in higher prices to end customers.

#### **IX. VIOLATIONS CHARGED**

12. Sycamore's and Staples' access to commercially sensitive information could lead to anticompetitive conduct and constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, and upon consummation, would constitute a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

**WHEREFORE, THE PREMISES CONSIDERED,** Federal Trade Commission on this twenty-fifth day of January, 2019, issues its complaint against said Respondents.

By the Commission, Commissioner Chopra and Commissioner Slaughter dissenting.

April Tabor  
Acting Secretary

SEAL: