

FTC Challenges Consummated Merger of Companies that Market Body-Worn Camera Systems to Large Metropolitan Police Departments

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The Federal Trade Commission has issued an administrative complaint (a public version of which will be available and linked to this news release as soon as possible) challenging Axon Enterprise, Inc.'s consummated acquisition of its body-worn camera systems competitor VieVu, LLC. Before the acquisition, the two companies competed to provide body-worn camera systems to large, metropolitan police departments across the United States.

According to the complaint, Axon's May 2018 acquisition reduced competition in an already concentrated market. Before their merger, Axon and VieVu competed to sell body-worn camera systems that were particularly well suited for large metropolitan police departments. Competition between Axon and VieVu resulted in substantially lower prices for large metropolitan police departments, the complaint states. Axon and VieVu also competed vigorously on non-price aspects of body-worn camera systems. By eliminating direct and substantial competition in price and innovation between dominant supplier Axon and its closest competitor, VieVu, to serve large metropolitan police departments, the merger removed VieVu as a bidder for new contracts and allowed Axon to impose substantial price increases, according to the complaint.

"Competition not only keeps prices down, but it drives innovation that makes products better," said Ian Conner, Director of the FTC's Bureau of Competition. "Here, the stakes could not be higher. The Commission is taking action to ensure that police officers have access to the cutting-edge products they need to do their job, and police departments benefit from the lower prices and innovative products that competition had provided before the acquisition."

The complaint also states that as part of the merger agreement, Axon entered into several long-term ancillary agreements with VieVu's former parent company, Safariland, that also substantially lessened actual and potential competition. These agreements barred Safariland from competing with Axon now and in the future on all of Axon's products, limited solicitation of customers and employees by either company, and stifled potential innovation or expansion by Safariland. These restraints, some of which were intended to last more than a decade, are not reasonably limited to protect a legitimate business interest, according to the complaint.

The Commission vote to issue the administrative complaint was 5-0. The administrative trial is scheduled to begin on May 19, 2020.

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. The issuance of the administrative complaint marks the beginning of a proceeding in which the allegations will be tried in a formal hearing before an administrative law judge.

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