FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

FTC Requires Mars to Divest 12 Veterinary Clinics as a Condition of Acquiring Pet Care Company VCA Inc.

Order preserves competition for specialty and emergency veterinary services in 10 U.S. localities

FOR RELEASE

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TAGS: Veterinarians | Bureau of Competition | Competition

Mars, Incorporated has agreed to divest 12 veterinary clinics around the United States that provide specialty and emergency services to settle Federal Trade Commission charges that Mars's $9.1 billion acquisition of pet care company VCA Inc. would violate federal antitrust laws.

Under the proposed consent order, Mars is required to divest each of the 12 clinics no later than 10 business days after the acquisition is complete, to one of three divestiture buyers: National Veterinary Associates, Pathway Partners Vet Management Company and PetVet Care Centers.

According to the FTC's complaint, if the acquisition takes place as proposed, it may substantially lessen competition for certain specialty and emergency veterinary services in 10 U.S. localities by eliminating head-to-head competition between Mars specialists in the area and those of VCA.

According to the complaint, without a remedy, the acquisition would likely lead to higher prices for pet owners and lower quality in the specialty and emergency veterinary services they receive. These effects are unlikely to be mitigated through timely new entry, as opening a specialty or emergency services veterinary clinic presents some unique challenges, including the need to recruit specialist veterinarians with considerably greater training than general practice veterinarians.

One clinic each in the Kansas City, New York, and Phoenix areas will be divested to National Veterinary Associates. One clinic each in Chicago, Corpus Christi and San Antonio, and two clinics in Seattle, will be divested to Pathway. Two clinics serving the Portland area and two clinics in the greater Washington, DC area will be divested to PetVet.

Under the terms of the consent order, Mars and VCA must secure all third-party consents, assignments, releases, and waivers required to permit the buyers to conduct business at the divested clinics, and provide reasonable financial incentives to key employees to continue in their positions. Also, for a year after the order takes effect, Mars is prohibited

from entering into contracts with any specialty or emergency veterinarian affiliated with a divested clinic. Mars is also required for 10 years to notify the Commission if it plans to acquire any additional specialty or emergency veterinary clinics in certain geographic areas.

The Commission has approved Thomas A. Carpenter, D.V.M. as the Interim Monitor. He will be responsible for overseeing the divestiture process. Further details about the divestiture and the consent agreement are set forth in the analysis to aid public comment for this matter.

The Commission vote to issue the complaint and accept the proposed consent order for public comment was 2-0. 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 Sept. 29, 2017, after which the Commission will decide whether to make the proposed consent order final. 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 $40,654.

The Federal Trade Commission works to promote competition, and protect and educate consumers. You can learn more about how competition benefits consumers or file an antitrust complaint. Like the FTC on Facebook, follow us on Twitter, read our blogs and subscribe to press releases for the latest FTC news and resources.

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