



FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

For Release

FTC Takes Action to Protect Consumers from Anticompetitive Effects of Micromarket Kiosks Deal

365 Retail will be required to divest Cantaloupe's Three Square Market business to merge with Cantaloupe under proposed FTC order

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Tags: [Competition](#) | [Bureau of Competition](#) | [Merger](#)

Today, the Federal Trade Commission took action to protect Americans from rising food prices by requiring 365 Retail Markets LLC (365 Retail)—the nation's largest provider of micromarket kiosks—to divest a competing business to complete its \$848 million acquisition of Cantaloupe Inc.

365 Retail, which is controlled by Garage Topco LP, seeks to acquire Cantaloupe in a deal that would combine the two largest providers of micromarket kiosks as well as related software and services. Micromarkets are small unattended convenience stores often found in offices and breakrooms that provide access to affordable, freshly prepared food that is not available in vending machines.

Under the [FTC's proposed consent order](#), 365 Retail will be required to divest Cantaloupe's Three Square Market business—a competing micromarket kiosk provider—to Seaga Manufacturing Inc. (Seaga). With current offerings in unattended foodservice retail that do not compete with micromarkets, Seaga is well-positioned to acquire the Three Square Market business, which will establish Seaga as a tech-enabled, vertically integrated competitor in micromarket kiosks.

"Millions of workers rely on micromarket kiosks to buy affordable, fresh food during the workday," said FTC Bureau of Competition Director Daniel Guarnera. "Today's FTC action seeks to ensure that consumers don't face higher food prices because of this acquisition. The divestiture of

Cantaloupe's Three Square Market business will preserve competition in the micromarket kiosk industry, directly benefitting American workers that depend on these kiosks for their meals."

The consent order settles [FTC charges](#) that 365 Retail's acquisition of Cantaloupe will eliminate head-to-head competition, likely driving up the price for micromarket kiosks and related software and services, while reducing product and service quality. Higher micromarket kiosk costs are likely to be passed on to consumers in the form of higher food prices, the FTC's complaint alleges.

In addition to offering micromarket kiosks, 365 Retail and Cantaloupe offer other back-end software services that allow foodservice operators to manage and operate numerous micromarkets.

As originally structured, 365 Retail's acquisition of Cantaloupe would threaten to give 365 Retail the ability and incentive to foreclose competitors by eliminating interoperability between its own products and software services and those of its competitors, the FTC's complaint states. For example, 365 Retail could deny rivals the ability to integrate their software with 365's micromarket kiosks.

Food service operators could be forced to switch products or services if 365 Retail were to improperly restrict or hinder software integration with competitors, which in turn could raise costs for food service operators, the FTC's complaint alleges. By increasing costs for food service operators, 365 Retail's acquisition of Cantaloupe could further increase the cost of food at micromarkets for consumers, the FTC further alleges.

To resolve these anticompetitive concerns, Seaga will acquire Three Square Market, creating a new standalone business that can effectively compete against 365 Retail. The FTC's proposed divestiture order also specifies, among other terms, that:

- 365 Retail must offer integrations between its software and hardware on reasonable and non-discriminatory terms to customers and third parties;
- Mr. Edward Buthusiem will be appointed as a monitor to oversee 365 Retail's compliance with the Order and, among other things, will receive notifications any time 365 Retail does not comply with or complete an integration request from a customer or third party, and if 365 Retail raises integration fees for existing integrations; and
- For a period of 10 years, 365 Retail shall not acquire directly or indirectly any interest in any company involving micromarket kiosks in the United States without providing advance written notification to the Commission.

The Commission vote to issue the complaint and accept the consent agreement for public comment was 2-0. Commissioner Mark R. Meador [issued a statement](#).

The public will have 30 days to submit comments on the proposed consent agreement package. Instructions for filing comments appear on the docket. Once processed, they will be posted on [Regulations.gov](#).

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.

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Contact Information

Media Contact

[Victoria Graham](#)

Office of Public Affairs

415-848-5121