

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY

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May 1, 2024

The Honorable Lina M. Khan
Chair
Federal Trade Commission
600 Pennsylvania Ave. NW
Washington, D.C. 20528

Dear Chair Khan:

The Committee on Oversight and Accountability is investigating the role of the Federal Trade Commission (FTC) in the failure of the merger of Amazon.com, Inc. (Amazon) and U.S.-based iRobot Corporation (iRobot). The proposed \$1.4 billion merger between the two American companies was abandoned after continued “opposition from EU and U.S. antitrust regulators,”¹ exacerbated by what industry experts describe as “significant, burdensome changes” to premerger filing requirements under the Hart-Scott-Rodino Act.² Similar to the FTC’s questionable consultation with foreign officials to block the Illumina-Grail merger,³ it appears that the FTC worked with the European Commission (EC) to kill the Amazon-iRobot merger. The FTC’s anticompetitive actions threaten to harm America’s global position in the personal robotics market, while ceding market share of personal robotics to foreign entities such as China, and—as already seen—cost hundreds of Americans their jobs.⁴

On August 5, 2022, Amazon and iRobot announced that they “entered into a definitive merger agreement under which Amazon will acquire iRobot.”⁵ After an initial review of the companies’ intended merger, the FTC made a second request for information about the transaction on September 19, 2022.⁶ After the FTC announced its investigation, reports emerged indicating that the EC would investigate the merger.⁷ On July 6, 2023, the EC announced an “in-depth investigation into the proposed acquisition of iRobot by Amazon.”⁸ On January 18, 2024,

¹ News Release, Amazon and iRobot Agree to Terminate Pending Acquisition, iRobot (Jan. 29, 2024); Press Center, Amazon and iRobot Agree to Terminate Pending Acquisition, Amazon (Jan. 29, 2024).

² Publications, *FTC and DOJ Propose Significant, Burdensome Changes to HSR Form for U.S. Merger Review*, Allen & Overy (Jun. 30, 2023).

³ Letter from James Comer, Chairman, House Comm. on Oversight & Accountability to Lina M. Khan, Chair, Federal Trade Commission, et al. (Aug 21, 2023).

⁴ Beth Lindstrom, *Blame Elizabeth Warren and the FTC for iRobot Layoffs*, Boston Globe (Feb. 21, 2024)

⁵ Press Center, Amazon and iRobot Sign an Agreement for Amazon to Acquire iRobot, Amazon (Aug. 5, 2022).

⁶ *FTC Seeks More Data on Amazon’s \$1.7-billion Deal for Vacuum Maker iRobot*, Reuters (Sept. 20, 2022).

⁷ Javier Espinoza & Dave Lee, *EU Set to Investigate Amazon’s \$1.7bn Purchase of Roomba-maker*, Financial Times (Feb. 15, 2023).

⁸ Press Release, Mergers: Commission Opens In-depth Investigation into the Proposed Acquisition of iRobot by Amazon, European Commission (Jul. 6, 2023).

reports showed that the EC advised Amazon that it would block the merger.⁹ On January 31, 2024, one of the FTC's Commissioners spoke at an antitrust conference in Brussels and said the FTC had been prepared to block the transaction.¹⁰

On January 29, 2024, Amazon and iRobot agreed to terminate the deal, stating that the merger had “no path to regulatory approval in the European Union.”¹¹ The companies described the failure of the merger as “a loss for consumers, competition, and innovation” that would harm iRobot's ability to “better compete in the global marketplace, particularly against companies, and from countries, that aren't subject to the same regulatory requirements”¹²—specifically, China.¹³ The FTC championed the news: “We are pleased that Amazon and iRobot have abandoned their proposed transaction.”¹⁴ After the deal was abandoned, iRobot announced that it would cut 31% of its workforce or 350 employees, mostly in the United States.¹⁵

The FTC's actions indicate to American businesses that the FTC will work outside of U.S. antitrust law by using the EC to realize its desired outcomes. EC Executive Vice-President Margarethe Vestager admitted that the EC was “in close contact” with the FTC throughout the investigation.¹⁶ Instead of protecting American interests in the global market, the FTC appears to have actively coordinated with a foreign authority to block a merger which could have saved American jobs and promoted American innovation and standing in a vital market. Amazon CEO Andy Jassy recently called the failure of the merger “a sad story,” concluding that regulators, including the FTC, “trust . . . two large Chinese companies with maps of the inside of U.S. consumers' homes more than they do Amazon.”¹⁷ China-based Ecovacs Robotics is one of iRobot's main competitors¹⁸ and both companies use technology to map consumers' homes.¹⁹

To enable oversight over the FTC's actions to block the merger of iRobot and Amazon, including through coordination with the EC, leading to the loss of American jobs and the loss of American competitive advantage of in the global marketplace, please provide the following documents and information, covering the time period January 20, 2021 to the present, no later than May 15, 2024:

⁹ Kim Mackrael & Dana Mattioli, *EU Commission Intends to Block Amazon's iRobot Acquisition*, Wall Street Journal (Jan. 18, 2024).

¹⁰ *US FTC Was Poised to Reject Amazon Acquisition of iRobot – Source*, Reuters (Jan. 29, 2024).

¹¹ *Supra* n. 1.

¹² *Id.*

¹³ The Editorial Board, *Elizabeth Warren's iRobot Gift to China*, Wall Street Journal (Jan. 24, 2024).

¹⁴ Press Releases, Statement Regarding the Termination of Amazon's Proposed Acquisition of iRobot, Federal Trade Commission (Jan. 31, 2024).

¹⁵ Michael Grothaus, *Tech Layoffs 2024: Grim January Ends With Job Cuts at PayPal, Block, iRobot, Noom, and More*, Fast Company (Jan. 1, 2024).

¹⁶ *Supra* n. 13.

¹⁷ Annie Palmer, *Amazon CEO Andy Jassy Spurns Regulators After Failed iRobot Deal: 'It's a Sad Story'*, CNBC (Apr. 11, 2024).

¹⁸ Noriyuki Doi & Kanoko Sakamoto, *Chinese Robot Vacuums Sweep Global Rivals with High Tech, Low Prices*, Nikkei Asia (Apr. 25, 2023).

¹⁹ Guide to Imprint Smart Maps, iRobot (Apr. 15, 2024); Mapping/Multi-floor Map Saving/Replacing/Switching, Ecovacs (Updated Mar. 10, 2023).

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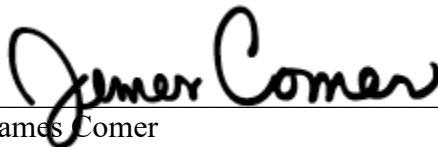
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1. All communications and documents shared between the FTC and European officials regarding the iRobot/Amazon merger;
2. All internal communications and related documents referring or relating to the FTC's justification for contacting European authorities about the iRobot/Amazon merger;
3. All documents and communications referring or relating to the FTC's authority to enlist foreign regulators as consultants, co-reviewers, or co-enforcers in the review of mergers between U.S. companies;
4. All documents and communications referring or related to any data on or economic study or analysis of the proposed transaction between iRobot and Amazon, including any data, economic study or analysis furnished by outside groups;
5. All documents and communications between the FTC and iRobot referring or relating to the iRobot/Amazon merger; and
6. All documents and communications between the FTC and Amazon referring to or relating to the iRobot/Amazon merger.

Thank you for your consideration of this important issue. To make arrangements to deliver documents or ask any related follow-up questions, please contact the Committee on Oversight and Accountability at (202) 225-5074. The Committee on Oversight and Accountability is the principal oversight committee of the U.S. House of Representatives and has broad authority to investigate "any matter" at "any time" under House Rule X.

Thank you in advance for your cooperation with this inquiry.

Sincerely,



James Comer

Chairman

Committee on Oversight and Accountability

cc: The Honorable Jamie Raskin, Ranking Member
Committee on Oversight and Accountability