



and by virtue of the laws of the State of Delaware, with its headquarters at 12401 West Olympic Blvd., Los Angeles, CA 90064.

3. Each Respondent is, and at all times relevant herein has been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a company whose business is in or affects commerce, as “commerce” is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

## **II. THE PROPOSED ACQUISITION**

4. Pursuant to an Agreement and Plan of Merger announced January 9, 2017, Mars proposes to acquire all of the assets of VCA in a transaction valued at approximately \$9.1 billion (the “Acquisition”). The Acquisition is subject to Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

## **III. THE RELEVANT MARKETS**

5. The relevant lines of commerce in which to analyze the effects of the Acquisition are off-hours emergency and individual specialty veterinary services. Specialty veterinary services are required in cases that cannot be treated properly by a general practitioner veterinarian. General practitioner veterinarians commonly refer such cases to a specialist, typically a doctor of veterinary medicine board certified in the required specialty. Individual veterinary specialties include cardiology, critical care, internal medicine, neurology, oncology, ophthalmology, and surgery. Emergency veterinary services are used in acute situations in which a general practice veterinarian is not available or in some cases not properly trained or equipped to treat an animal’s medical problem. Mars and VCA both provide specialty and off-hours emergency veterinary services in facilities operated across the United States.

6. For the purposes of this Complaint, the relevant areas in which to assess the competitive effects of the Acquisition are local, delineated by the distance and time that pet owners travel to receive treatment. The specific relevant service or services differ by local geographic area. The localities and relevant services at issue in each locality, are:

- a. Oncology in western suburbs of Chicago, IL;
- b. Emergency in Corpus Christi, TX;
- c. Critical Care, Emergency, Internal Medicine, and Surgery in Kansas City, MO;
- d. Critical Care and Emergency in Mesa, AZ;
- e. Critical Care and Oncology in northern New York City, NY and its northern suburbs;
- f. Critical Care, Internal Medicine, Neurology, Oncology, and Ophthalmology in Portland, OR;

- g. Emergency, Internal Medicine, and Oncology in Rockville, MD;
- h. Emergency in San Antonio, TX;
- i. Cardiology, Critical Care, Emergency, Internal Medicine, and Neurology in Seattle, WA; and
- j. Emergency, Internal Medicine, Oncology, and Ophthalmology in Vienna, VA.

#### **IV. THE STRUCTURE OF THE MARKETS**

7. In each locality listed in Paragraph 6 above, the market for each relevant service indicated is highly concentrated. In a number of these markets, the combined firm would be the only provider following the transaction. In other markets, a limited number of alternatives to the combined firm would remain following the transaction. Thus, the Acquisition would substantially increase concentration within the described localities.

#### **V. ENTRY CONDITIONS**

8. Entry into the relevant markets described in Paragraphs 5 and 6 would not be timely, likely, or sufficient in magnitude, character, and scope to deter or counteract the anticompetitive effects of the Acquisition. For de novo entrants, obtaining financing to build a new specialty or emergency veterinary facility and acquiring or leasing necessary equipment can be expensive and time consuming. The investment is risky for specialists that do not have established practices and bases of referrals in the area. Further, extensive education and training, beyond that required to become a general practitioner veterinarian, is required to become a licensed veterinary specialist. Consequently, specialists are in short supply, and recruiting them to move to a new area often takes more than two years, making timely expansion by existing specialty clinics difficult.

## VI. EFFECTS OF THE ACQUISITION

9. The effects of the Acquisition, if consummated, may be to substantially lessen competition and to tend to create a monopoly in the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, by, among other things:

- a. eliminating head-to-head competition between Mars and VCA in the provision of specialty and emergency veterinary services;
- b. increasing the likelihood that Mars would unilaterally exercise market power; and
- c. increasing the likelihood that customers would be forced to pay higher prices or experience a degradation in quality for the relevant services.

## VII. VIOLATIONS CHARGED

10. The Acquisition described in Paragraph 4 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

11. The Acquisition described in Paragraph 4, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

**WHEREFORE, THE PREMISES CONSIDERED,** the Federal Trade Commission on this \_\_\_\_\_ day of \_\_\_\_\_, 2017 issues its Complaint against said Respondents.

By the Commission.

Donald S. Clark  
Secretary

SEAL: