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Chair
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Mr. Jonathan Kanter
Assistant Attorney General, Antitrust Division
U.S. Department of Justice
950 Pennsylvania Avenue NW
Washington DC 20530

September 20, 2024

Re: Request for Information on Serial Acquisitions, Roll-Up Strategies Across U.S. Economy Docket No. FTC-2024-0028

Dear Chair Khan and Assistant Attorney General Kanter:

Americans for Financial Reform Education Fund (AFREF) appreciates the opportunity to submit comments on the Federal Trade Commission (FTC) and Department of Justice (DOJ) request for information on serial acquisitions and roll-up strategies and the impact on competition, the market, workers, consumers, and communities.[1] Serial acquisitions — including a large portion that fall below the Hart-Scott-Rodino (HSR) pre-merger reporting thresholds — have become a key business strategy for amassing monopoly market power to disadvantage rivals and customers. The private equity industry has used leveraged buyouts and roll-ups to become the primary driver of consolidation and merger activity in the United States and the predatory practices and economic extraction of private equity firms from their portfolio acquisitions present unique risks to a competitive economy.

AFREF is a nonpartisan and nonprofit coalition of more than 200 civil rights, consumer, labor, business, investor, faith-based, and civic and community groups dedicated to advocating for policies that shape a financial sector that serves workers, communities and the real economy, and provides a foundation for advancing economic and racial justice. The unchecked merger wave of the past few decades driven largely by private equity takeovers has concentrated economic power into the hands of fewer firms. This consolidated economic power has raised prices for consumers, suppressed wages and benefits for workers, undermined the ability to form and sustain small businesses, and sapped vitality from our communities. These negative impacts have disproportionately disadvantaged people of color, women, and people with limited English proficiency as individuals, families, and communities.

AFREF supports the renewed — and long-overdue — attention to concentrated market power and merger enforcement. The FTC and DOJ 2023 merger guidelines modernized antitrust enforcement to address the current economic landscape and conditions, including the role of the private equity industry in creating platforms and portfolios that exert undue market power that lessen competition and tend to create monopoly.[2] The updated merger guidelines explicitly address the potentially

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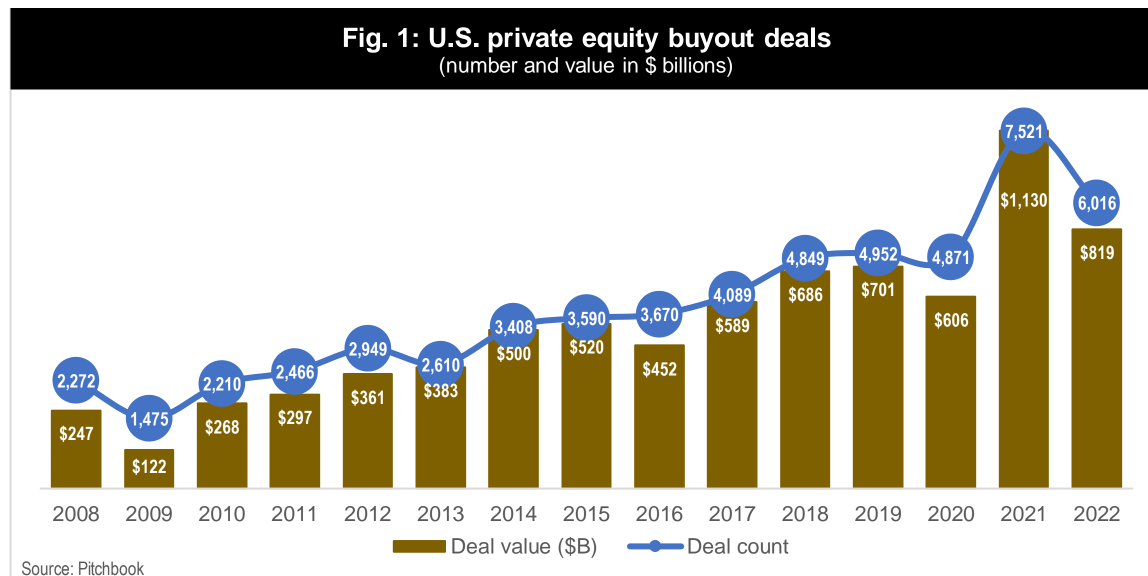
[1] Federal Trade Commission (FTC). [Press release]. "FTC and DOJ Seek info on serial acquisitions, roll-up strategies across U.S. economy." May 23, 2024.
[2] FTC and Department of Justice (FTC & DOJ 2023). "2023 Merger Guidelines." December 18, 2024.

anticompetitive practice of serial mergers, partial ownership stakes, and extractive monopsony buyer power over workers that have been part of the private-equity playbook for decades. A series of smaller acquisitions can result in anticompetitive market power in the same manner that large mergers may substantially lessen competition or tend to create monopoly in violation of the Clayton Act. The current Request for Information acknowledges that serial acquisitions, roll-ups, or add-on mergers "can harm competition to the detriment of consumers, workers, and innovation in an industry or business sector without detection by the Agencies" because many takeovers fall below HSR reporting thresholds.[3]

I. Private equity industry's role in roll-up driven consolidation

Private equity firms have been a driving force in corporate concentration and economic consolidation since the 2008 financial crisis. Private equity firms are investment companies that pool large volumes of private capital to buy companies. These purchases are financed by debt collateralized by the acquired firm, typically through a leveraged buyout where the takeover target must repay the debt that financed its own acquisition. After the takeover, the private equity firms restructure the business, frequently firing workers,[4] raising prices,[5] and engaging in financial engineering (fees, dividend extraction, asset stripping and more) to convert as much of the target business's revenue into a direct profit stream back to the private equity firm as possible.[6]



Private equity leveraged buyouts have supercharged merger-mania over the past 15 years. Private equity buyouts have nearly tripled from about 2,300 deals in 2008 to over 6,000 deals in 2022 and

[3] FTC and DOJ. "Request for Information for Public Comment on Corporate Consolidation Through Serial Acquisitions and Roll-Up Strategies." May 23, 2024 at 1.
[4] Primack, Dan. "Private equity takeovers result in significant job losses." *Axios*. October 7, 2019.
[5] Baker, Walter et al. (Baker et al. 2019). McKinsey & Company. "Pricing: The Next Frontier of Value Creation in Private Equity." October 23, 2019.
[6] Cumming, Chris. "Buyout firms set record for loading companies with debt to pay themselves." *Wall Street Journal*. October 25, 2021.

the total value of buyout deals more than tripled to over $800 billion in 2022 (see Figure 1).[7] These private equity deals now make up the majority of reportable merger transactions. At least three-quarters of the 3,500 mergers in 2021 that exceeded the $92 million HSR threshold were the 2,580 private equity buyout deals that were larger than $100 million.[8] The private equity buyout business model imposes financial precarity on the takeover targets that can be catastrophic for portfolio firms' survival, but it also has significant impacts on the competitiveness of portfolio firms' sectors. The high levels of bankruptcy contribute to sectoral instability and higher levels of sector concentration. Private equity's leveraged buyout acquisition spree over the past decades has made it an ever-increasing share of the economy. In 2022, private equity firms owned or backed 18,000 U.S. companies, about 4 and half times more than the number of publicly traded U.S. companies.[9]

The private equity industry pioneered and perfected the strategy of serial "roll-up" acquisitions that were too small to attract antitrust agency attention but nonetheless amassed considerable market power over time. Bain & Co. has observed that "buy-and-build has been a core private equity strategy for as long as the industry has been around."[10] Private equity firms use these add-on buyout deals to purchase multiple competitors of an existing portfolio company or expand their geographic reach to create a much bigger player in an industry. The private equity industry often goes through sectoral cycles, where many firms pursue similar or rival firms, and many private equity firms are focused on a few sectors that are rapidly consolidated by roll-up strategies. Monopoly power is equally harmful whether gained through one large takeover or through ten or twenty smaller acquisitions that can absorb a previously richly competitive field of rivals.

A large portion of private equity buyouts are for these "add-on" investments that bring new, typically smaller, companies into an existing portfolio company. There were nearly 4,700 private equity add-on deals in 2022 that represented 78 percent of the number of private equity buyouts.[11] These deals "are at the core of the PE buy-and-build playbook," according to Pitchbook.[12] The share of add-on buyouts that are part of a series of roll ups has been rising. Bain reports that 30 percent of add-on acquisitions were the fourth purchase by a private equity owned platform in 2019 but that figure had risen to nearly half of all add-ons in 2023.[13]

The majority of these add-on deals are too small to receive scrutiny by antitrust regulators. Over the past 15 years, the median-sized add-on deal was below the HSR transaction threshold every year (the median is the midpoint, where half the deals are smaller and half are larger) (see Figure 2).[14] These roll-ups below the antitrust reporting thresholds can nonetheless consolidate market power. As the RFI notes, transactions below the HSR thresholds are effectively invisible to antitrust regulators. These smaller, serial deals have allowed private equity firms to build portfolio companies that can

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[7] Pitchbook. "U.S. Private Equity Breakdown: 2022 Annual." (Pitchbook 2022 Annual). U.S. private equity deal activity. January 2023.
[8] AFREF analysis of Pitchbook data applying the share of private equity buyout deals to private equity deal flow by size.
[9] E&Y for the American Investment Council. "Economic Contribution of the U.S. Private Equity Sector in 2002." April 2023 at 1; Center for Research in Security Prices, LLC. "CRSP Market Indexes US Market Update December 2022." December 2022 at 7.
[10] Bovy, Cédric et al. (Bovy et al. 2024). Bain & Company. "Building a stronger buy-and-build." March 11, 2024.
[11] Pitchbook 2022 Annual. Median U.S. add-on deal value. January 2023.
[12] *Ibid.* at 16.
[13] Bovy et al. 2024.
[14] *Ibid.* Median U.S. add-on deal value. January 2023. HSR thresholds from FTC Annual HSR reports.

use their market power to reduce market competition, impose price hikes or fees on consumers, wage concessions on workers, and allow quality and innovation to languish.

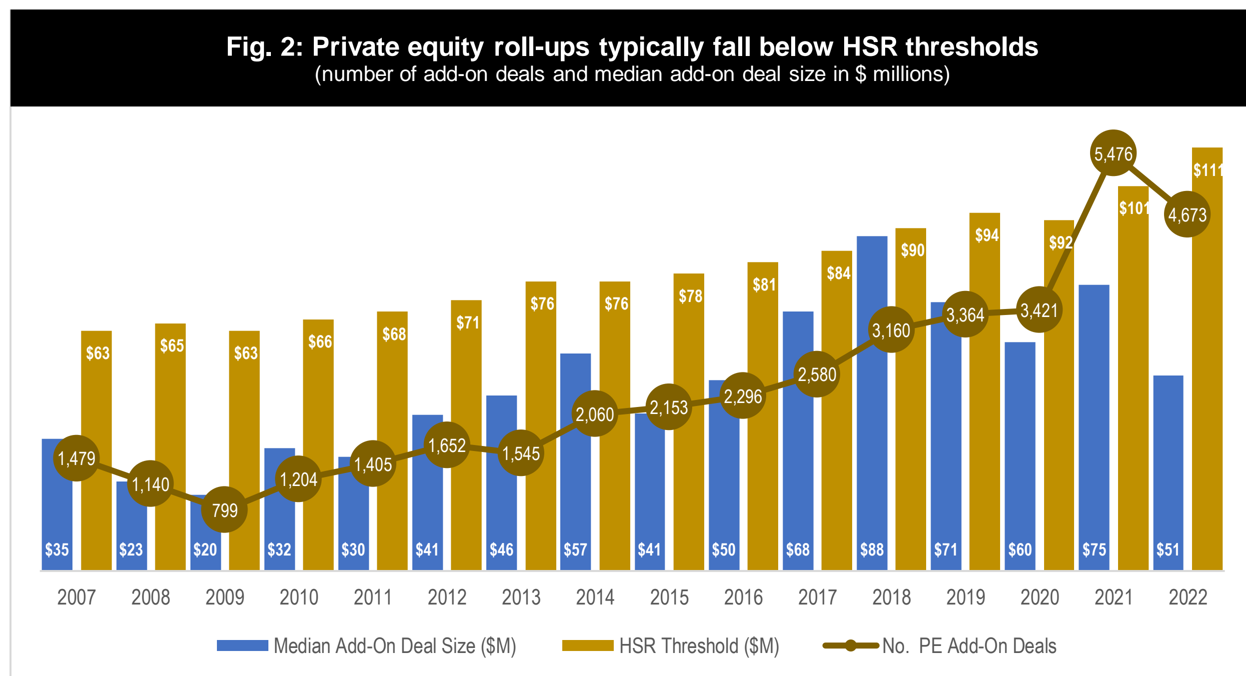

Fig. 2: Private equity roll-ups typically fall below HSR thresholds
(number of add-on deals and median add-on deal size in $ millions)

Private equity roll-ups can be structured in different ways and the resulting market power can exert different kinds of anticompetitive practices that can substantially lessen competition or tend to create monopolies. Private equity firms own and control a portfolio of companies. Some roll-ups are straightforward mergers where a portfolio firm purchases a rival firm through a leveraged buyout. Other times, a private equity firm will create a platform of portfolio firms that operate in the same business lines that are managed together as part of a fleet of brands in one economic sector. And sometimes, a private equity firm will acquire a new portfolio firm that is a rival to another firm or group of firms already held in its portfolio. The private equity firm controls the business operations of all of its acquisitions and irrespective of the structure (whether merging these entities or keeping them separate), roll-ups amass market power that can disadvantage consumers, workers, rivals, and communities.

The structure of the roll-up can further conceal a transaction's anticompetitive impacts. Bolt-on transactions function like any traditional merger of rivals, but platform acquisitions and new leveraged buyouts that add companies to a private equity firm's portfolio can obscure the extent to which a transaction can concentrate markets. Private equity firms are notoriously opaque. It can be difficult to determine what a private equity firm owns, either through outright control or partial ownership stakes, because private equity firms are not obligated to disclose their holdings and the portfolio transparency can vary widely between private equity firms. Many private equity firms only disclose examples of their portfolio holdings, not the entirety of their holdings. A private equity firm can hold multiple portfolio companies or a platform can hold plural companies that operate in the same sector or market segment. This can make many transactions appear to have no or negligible impact on the overall market structure of the sector or segment, because it can be impossible to determine whether the private equity firm owns a rival in their portfolios or platforms. It is critical

that antitrust regulators determine the entire holdings of the ultimate parent — the private equity firm that owns and controls the platforms and portfolio companies — to determine the potential market impacts of any proposed transactions.[15]

II. Private equity roll-ups amass monopsony power that harms workers

Private equity roll-ups can exercise anticompetitive market power in labor markets that harm workers. In local job markets with few large employers, the monopsonistic buyer of labor imposes wages and conditions on workers who have few alternative job opportunities. Senator John Sherman described the monopsonistic power over workers when promoting the Sherman Antitrust Act in 1890, stating that a trust "commands the price of labor without fear of strikes, for in its field it allows no competitors."[16]

Private equity roll-ups can create large firms, platforms, or portfolios of firms that operate in the same market segment that can behave as a monopolistic employer or cartel of employers that can distort labor markets and exercise uncompetitive market power over workers that suppress wages, lower benefits, undermine job quality, unfairly lock workers into their jobs, and contributes to economic inequality.[17] The reduction in the quality of work can be just as damaging as lower wages.

Workers are especially vulnerable to the exercise of monopsony market power by employers because labor markets are less elastic than standard product markets.[18] Workers face far higher job search and job switching costs than employers and unlike buying widgets from a seller, job applicants must secure the consent of the employer to get a job. A 2021 literature review in *HR Review* found that all of the studies of labor market buyer power found "that firms have considerable monopsony power" over workers that is "actually exercised by employers, resulting in lower wages."[19]

Consolidation and market power in labor markets is a problem across nearly every market in the economy, but it can be particularly pronounced in sectors with high penetration by private equity buyers. Private equity's playbook imposes aggressive cost-cutting on the companies they take over to juice revenues and profits for themselves. These cost-cutting efforts, often referred to as "efficiencies," are often taken out of workers through workforce downsizing, work intensification, lowering wages or eliminating raises, reducing benefits like health care and retirement, and eliminating severance payments.[20] Firms taken over by private equity are more likely to shed workers. A 2019 study by University of Chicago and Harvard economists found that after two years,

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[15] The proposed FTC changes to the HSR pre-merger notification would address the current limitations on evaluating serial mergers, including those that are below the HSR threshold. AFREF recommended improvements to the proposed rule to strengthen the assessment of controlling, ultimate parent as well as the evaluation of serial mergers that fall below the HSR threshold. *See* AFREF. Comment on Hart-Scott-Rodino Coverage, Exemption, and Transmittal Rules. September 27, 2023.

[16] *Congressional Record*. March 21, 1890 at 2457.

[17] *See* Council of Economic Advisors. "Labor Market Monopsony: Trends, Consequences, and Policy Responses." October 2016.

[18] Willingham, Caius Z. and Olugbenga Ajilore. Center for American Progress "The Modern Company Town." September 10, 2019.

[19] Manning, Alan. "Monopsony in labor markets: A review." *HR* Review. Vol. 74, No.1. January 2021 at 4.

[20] Coleman-Lochner, Lauren and Eliza Ronalds-Hannon. "What happens to a company when PE buys it?" *Businessweek*. October 3, 2019.

companies taken over by private equity had reduced the workforce by 4.4 percent compared to companies that were not taken over.[21]

The combination of the private equity industry strategies of rolling up sectors and purchasing local and regional market power and of squeezing revenues out of portfolio firms through cost-cutting that harms workers creates the ability and incentive to exert monopsony power to suppress wages and benefits. Many private equity firms control portfolios of firms in the same sector that have locations or storefronts that employ people in similar occupations that can effectively collaborate to squeeze workers, prevent pay increases, and tamp down on workplace benefits.

Private equity's surge into retail exemplifies risks workers face from monopsonistic employers: The workforce at private equity owned retailers — predominantly women of color— is vulnerable to low wages, precarious schedules, and job loss from collapse. Private equity firms have bought scores of retail chains over the past fifteen years, driving many into bankruptcy, and shedding over half a million jobs.[22] In many markets, private equity firms own multiple retail chains that are essentially an oligopoly that can tacitly collude to keep wages and benefits from rising. In 2020, private equity firms operated at least 25 separate retail chains in fifteen states.[23] Sometimes a single private equity firm can own multiple companies in a single sector like retail.

The private equity business model poses considerable risks to retailers and workers. Private equity relies on extractive financial engineering — including imposing high-debt loads from leveraged buyouts, wringing out value in fees and dividends, and stripping out real estate assets — that impose severe burdens on the retail takeover targets. Private equity-owned retailer bankruptcies and liquidations cost working people their jobs, benefits, severance payments, and retirement security. While the private equity firms and executives — mostly white men — walk away largely unscathed or even profiting from the deals that led to the retailer's collapse, hundreds of thousands of women and people of color in frontline retail jobs have lost their livelihoods, often with no severance and no recourse.

Private equity has had a disastrous impact on the retail industry, driving dozens of firms into bankruptcy, shutting down tens of thousands of stores, and costing hundreds of thousands of jobs nationwide. Nearly two-thirds of the retail bankruptcies from 2015 through 2019 were at private equity-owned retailers.[24] These layoffs upend the already fragile economic security of the low-paid and often Black and Brown women who work in retail. Private equity retail shutdowns also undermine local economies when retailers large and small disappear, compromising the future of shopping centers and eroding local sales and business tax revenues.

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[21] Davis, Steven J. et al. "The Social Impact of Private Equity Over the Economic Cycle." January 1, 2019 at 5.

[22] Woodall, Patrick and Oscar Valdés Viera (Woodall & Valdés Viera 2020). AFREF, Center for Popular Democracy, and United for Respect. "Double Exposure: Retail workers hammered by combo crisis of pandemic and private equity." December 2020.

[23] *Ibid*. AFREF analysis of private equity owned retail chains by state.

[24] Analysis of ownership of 175 retail firms that entered bankruptcy from 2015 to September 2020. The retail chain bankruptcies were derived from "Here's a list of 113 bankruptcies in the retail apocalypse and why they failed." *CB Insights*. Research Brief. July 30, 2020; "The running list of 2020 retail bankruptcies." *Retail Dive*. September 14, 2020; Hirsch, Lauren. "Guitar Center files for bankruptcy." *New York Times*. November 22, 2020. This analysis excludes chains on these lists that do not sell merchandise at brick-and-mortar stores such as restaurants, service sector chains, e-commerce, or brand manufacturers and distributors. Ownership based on corporate documents, reports, and filings as well as media reporting and determination from the Pitchbook database.

Retail workers can find it hard to switch jobs when the employers that are purportedly competing to hire and retain the most talented staff are actually owned by the same firm. Sycamore Partners still owns a broad portfolio of retail chains including Ann Taylor, Belk, Hot Topic, Lane Bryant, Loft, Staples, Talbots, and The Limited.[25] Sycamore-owned retailers shed more than 25,000 jobs, including the 11,600 jobs that were eliminated from the Aeropostale bankruptcy.[26] Leonard Green had a retail focus for years, but many of its retailers collapsed in bankruptcy costing over 18,000 jobs including at the Sports Authority and J. Crew.[27]

This impacts of this concentrated and often coordinated labor market power falls hardest on women and people of color. The retail industry employs the most low-wage workers of any industry — some 4.5 million people — and more than three-quarters of all retail workers are low-wage, with typical workers earning only about $10 an hour.[28] Half of retail workers have uncertain schedules, worsening the economic penalty of low hourly wages.[29]

These low-wage retail jobs are often the only ones available in marginalized and oppressed communities and are predominantly held by women and people of color. Women make up the majority of retail workers (56.5 percent) but are paid less than men, make up three-quarters of the lowest-paid jobs, and are far less likely to be in supervisory roles than men.[30] Black and Latine workers make up a large portion of the workforce (12.5 percent and 18.7 percent, respectively), constitute a greater portion of this workforce than of the overall workforce, and are overrepresented in the lowest-paid cashier jobs.[31] Because of occupational segregation and racial discrimination, poverty rates are higher for workers of color — more than 40 percent of Black and Latine retail workers live at or near poverty.[32]

Private equity-owned restaurant chains exercise market power over workers: Restaurant workers face low earnings, limited or non-existent benefits, uncertain schedules and volatile earnings, and the real risk of wage theft by employers. These untenable working conditions are exacerbated by monopolistic employers that can effectively suppress wages, erode job quality, and impede job mobility. Private equity firms have invested heavily in restaurants including fast food, fast casual, and even higher-end fine dining establishments, buying nearly 850 chains or locations from 2010 to 2017, more than 100 every year.[33] Roark Capital owns more than 20 fast food and fast casual restaurant chains including Arby's, Buffalo Wild Wings, Carl's Jr., Dunkin', Hardee's, Jamba Juice, Jimmy John's, and Sonic.[34]

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[25] Sycamore Partners. Investments. Accessed July 2024.
[26] Woodall & Valdés Viera 2020.
[27] *Ibid.*
[28] Ross, Martha and Nicole Bateman. Brookings Institution Metropolitan Policy Program. "Meet the Low-Wage Workforce." November 2019 at 11 and note 20 at 48.
[29] Schneider, Daniel and Kristen Harknett. University of California Berkeley and Aspen Institute. "Income Volatility in the Service Sector: Contours, Causes, and Consequences." July 2017 at 2.
[30] Anderson, D. Augustus and Lynda Laughlin. U.S. Census Bureau. "Retail Workers: 2018." ACS-44. August 2020 at 4.
[31] *Ibid.*
[32] Ruetschlin, Catherine and Dedrick Asante-Muhammad. Demos. "The Retail Race Divide How the Retail Industry Is Perpetuating Racial Inequality in the 21st Century." June 2, 2015 at 14.
[33] Aaron Allen & Associates. "Most active PE restaurant chains globally." July 31, 2017; Dubey, Akshat, Claire Davies, and Piyush Gupta. PwC. "The Growth Menu." 2018 at 10.
[34] Roark Capital. Portfolio Companies. Restaurant and Food. Current Investments. Includes Arby's, Auntie Anne's, Baskin-Robbins, Buffalo Wild Wings, Carl's Jr., Carvel, Cheesecake Factory, Cinnabon, Culver's, Dunkin', Flower Child,

The 700,000 workers at these Roark-owned chains face low wages.[35] A 2021 survey of shift workers by the Economic Policy Institute and the Shift Institute found that a sizeable majority of workers at some chains in the Roark portfolio earned under $15 an hour, including 85 percent of Sonic, 84 percent of Arby's, 69 percent of Jimmy John's, and 68 percent of Dunkin' workers.[36] And Roark has pushed to keep wages low. In 2021, it announced it had successfully lobbied against legislation that would have raised the minimum wage to $15 and protected workers trying to form unions.[37] In the summer of 2023, Roark added the 37,000 location Subway to its restaurant network that includes the head-to-head competitor Jimmy John's sandwich chain, further consolidating their power over restaurant workers.[38]

Private equity firms that hold a portfolio of businesses like restaurants that employ low-wage workers have the ability and incentive to use their market power over workers to hold down wages. Portfolio firms are unlikely to compete for workers based on higher pay or better benefits. First, they may represent a large portion of the job openings in any market and occupation. Unlike in a product market, where the definition might be narrowed to fried chicken restaurants or sandwich shops, fast food and fast casual restaurant workers generally perform broader job classifications, making the labor market more concentrated than the product market. Secondly, this market power deters job switching because other similar jobs have similar remuneration structures and even without anticompetitive policies like non-compete agreements and no-poach policies, the private equity firm can black-list workers from changing jobs within their portfolio or share information about individual workers and their earnings history to disadvantage job applicants. In combination, the market power over workers and the coordinated market effects over labor markets can disadvantage workers and suppress wages and benefits.

III. Private equity roll-ups raise prices, lower quality

Mergers can create market power that enables firms to raise prices, lower quality, and suppress wages. Private equity roll-ups typically expand the geographic footprint of platform chains or portfolio companies to expand into new markets and extend and entrench their market power that can disadvantage rivals, consumers, and workers. The private equity industry's hyper-extractive business model and debt-financed takeovers put additional demands on portfolio companies to boost revenues by raising prices or cutting corners. A 2019 McKinsey paper noted that private equity firms can boost earnings rapidly by raising prices and that over one-third of private equity firms found that price hikes were the biggest part of revenue expansion and half found that it was a driver of improved revenue.[39]

Hardee's, Jamba Juice, Jim'n Nick's Bar-B-Q, Jimmy John's, McAlister's Deli, Miller's Ale House, Moe's Southwest Grill, North Italia, Nuthing Bundt Cakes, Schlotzsky's, Seattle's Best Coffee (military bases), and SonicAccessed September 2023.

[35] Mortgenson, Gretchen. "Working for companies owned by well-heeled private-equity firms can mean lower wages for employees." *NBC News*. October 9, 2021.

[36] Economic Policy Institute. Company Wage Tracker. Accessed September 2023.

[37] Sirota, David, Andrew Perez, and Walker Bragman. "This fast food giant bragged about killing the $15 minimum wage." *Newsweek*. March 27, 2021.

[38] Summerville, Abigail, Anirban Sen, and Deborah Mary Sophia. "Roark Capital to buy sandwich chain subway for up to $9.55 billion." *Reuters*. September 6, 2023.

[39] Baker et al. 2019.

The likelihood of anticompetitive price gouging and declining quality in concentrated markets is higher when the ownership is obscured, when pricing structures are opaque, and when consumers cannot easily comparison shop for products or services. Private equity's ownership and management of healthcare firms has demonstrated its tendency to raise prices and lower quality on the way to outsized profits. These roll-ups have allowed the growing scale of private equity-owned healthcare companies (like ambulance companies, medical practice groups, dermatologists or dental offices) that can charge higher prices, charge consumers excessive fees by staying out-of-network (a surprise billing strategy), or offer ancillary services that are uncovered by insurance coverage to drive up revenues.[40] But these tendencies are not unique to private equity's intrusion into the healthcare sector, private equity roll up strategies in other sectors and segments have driven up prices and reduced quality.

Private equity surge into veterinary care raises prices and reduces quality: Private equity firms have been rapidly rolling-up veterinary practices, specialty services, and veterinary hospitals. The private equity industry is attracted to veterinary care because of widespread pet ownership (bumped during the pandemic), increased veterinary spending, the all-cash discretionary services unhindered by insurance coverage (like surprise billing in a human healthcare context), and the sector's insulation from economic contraction.[41] It is a big money business. In 2023, people spent $38.3 billion on veterinary care.[42]

Private equity is becoming one of the dominant owners of veterinary care providers. From the beginning of 2017 to the end of April 2024, private equity firms spent $60.9 billion buying up veterinary practices and hospitals.[43] By 2024, one-fourth of veterinary practices and three-quarters of specialty practices were owned by private equity firms or corporate chains, and private equity firms were the biggest veterinary acquirers.[44] Some private equity acquisitions are too lucrative for veterinarians to resist — five to ten times the practice's value — and too high for other veterinarians to purchase to keep the practices independent and locally owned.[45]

Private equity firms have built sprawling portfolios of veterinary practices and hospitals in a series of roll-up acquisitions. Oak Hill-owned VetCor (formerly owned by Cressey & Co. then Harvest Partners) owns 300 practices and has added two to three every month.[46] Compass Group Equity owns CareVet, a platform that announced the purchase of its hundredth practice in 2021.[47] KKR owns PetVet Care, which owns 450 animal hospitals and advertises that it purchases veterinary practices on its website.[48] TPG Consumer owns Thrive Pet Healthcare, a chain of 380 veterinary hospitals.[49] Shore Capital Partners owns two veterinary portfolio firms (Southern Veterinary

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[40] American Medical Association (AMA). Proceedings of the AMA 2019 Annual Meeting. 2019 at 446.
[41] Thomas, Katie. "Why you're paying your veterinarian so much." *New York Times*. June 23,2 024.
[42] Artusa, Sabrina (Artusa 2024). "Private equity firms are buying up veterinary practices." *TBR Newsmedia*. June 15, 2024.
[43] Olen, Helaine (Olen 2024). "Why your vet bill is so high." *The Atlantic*. April 25, 2024.
[44] Vollers, Anna Claire. (Vollers 2024). "Vets fret as private equity snaps up clinics, pet care companies." *Stateline*. March 29, 2024; Beltran, Luisa (Beltran 2024). "Private equity's acquisition of vet practices has brought salary increases, professionalism—and higher prices." *Fortune*. May 13, 2024.
[45] Vollers 2024.
[46] MacArthur, Hugh et al. (MacArthur et al. 2019). Bain & Company. "Buy-and-build: A powerful PE strategy, but hard to pull off." February 25, 2019.
[47] Artusa 2024; Kim, Jacob. "Clayton vet manager makes 100th acquisition, sees 'enormous' potential for more." *St. Louis Business Journal*. November 12, 2021.
[48] KKR. Portfolio. Accessed July 2024; PetVet Care. Hospitals. Accessed July 2024.
[49] Vollers 2024.

Partners and Mission Veterinary Partners) with a total of 660 clinics.[50] Warburg Pincus bought Mission Veterinary Partners and Bond Vet.[51]

Antitrust regulators have recently stepped-up oversight of mergers in the veterinary sector. JAB Consumer Partners, a European private equity firm, purchased the U.S.-based National Veterinary Associates in 2020.[52] In 2022, it sought to purchase the Ethos veterinary company, but the FTC required divestitures of clinics in Richmond, Denver, San Francisco, and Washington, DC, before it would approve the takeover.[53] But it is possible that many of the transactions — one practice at a time — and the complex ownership web have put barriers in the way of more widespread antitrust enforcement.

Families with pets typically do not know that their veterinary practice has been taken over by private equity because the practices avoid rebranding in order to maintain the impression of local, independent ownership (much as the consolidation in the grocery industry has kept many supermarket banners).[54] An Arizona study found that less than 15 percent of corporate veterinary chains identify the parent company's brand.[55] Concealing the takeovers and ownership structure can discourage pet owners from switching practices in the face of higher prices or declining quality because they may have now misplaced brand loyalty to their formerly independent veterinary practice.

The private equity surge into veterinary care has transformed it into a big business focused more on generating profits than providing needed care to family pets. An Independent Veterinary Practitioners Association board member said that private equity firms were "seeing veterinary medicine as a good profit center," but that these chains increased the cost of care for pet owners, reduced competition, and could evade some states' requirements that practices be owned by veterinarians.[56] Private equity financial engineering can compromise the economic viability of veterinary portfolio firms in ways that can ultimately force price hikes or declines in quality care. In 2020, the European private equity backed IVC veterinary chain had $2.5 billion in junk-rated debts that were six times the chain's earnings.[57] Some private equity firms target veterinary practices for their real estate, stripping the asset from the practice in sale-lease-backs that burden the practice with new rental payment costs.[58]

The private equity industry's demand for profits can lead to sharp cost increases. When private equity firms take over veterinary practices, they tend to immediately raise prices above those previously charged in-area.[59] Some private equity-owned firms establish treatment protocols that increase costs for pet owners, such as more expensive treatments.[60] Veterinary consumer prices rose

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[50] Prete, Ryan (Prete 2022). "Got a pet? There's a god chance private equity backs your vet." September 13, 2022.
[51] Ballu, Brendan (Ballu 2023). "Private equity is killing your pets." *The Nation*. April 25, 2023.
[52] Vollers 2024.
[53] FTC. [Press release]. "FTC approves final order against JAB Consumer Partners to protect pet owners from private equity firm's rollup of veterinary services clinics." October 14, 2022.
[54] Evans, Judith and Kaye Wiggins (Evans & Wiggins 2020). "Going to the vet: what happens when private equity invests in a cottage industry." *Financial Times*. April 20, 2020.
[55] Olen 2024.
[56] Vollers 2024.
[57] Evans & Wiggins 2020.
[58] Prete 2022.
[59] Olen 2024.
[60] Artusa, Sabrina. "Private equity firms are buying up veterinary practices." *TBR Newsmedia*. June 15, 2024

by one-third from 2020 to 2024, after private equity surged into veterinary practices during the pandemic.[61] And these prices are rising far faster than overall inflation — up 9.6 percent in 2024 compared to an overall inflation rate of 3.5 percent.[62] In England, a private equity chain jacked up the prices for anti-inflammatory, insulin, and heart medications by as much as 30 to 80 percent.[63] One veterinarian at a U.S. private equity-owned chain reported that it raised prices every six months.[64]

These revenue pressures can compromise the quality of care, either because pet owners cannot afford giant price hikes or because, as some veterinarians report, private equity management can pressure them to see more pet patients and upsell owners to purchase additional services to generate more revenues.[65] The pressure to see more pets can reduce the time and quality evaluation of pets' veterinary health.[66] These quality concerns can be exacerbated by downward pressure on earnings by providers at veterinary practices. The pay for veterinarians and veterinary technicians has stagnated at private equity-owned practices.[67] In 2023 TPG-owned Thrive Pet Healthcare announced the closure of the only 24-hour hospital in Rochester, New York, shortly after the staff voted to unionize.[68] This left pet owners scrambling to secure new appointments, care, and even surgeries that had been abruptly canceled.[69]

Private equity roll-up of funeral homes raises prices on grieving families: Private equity firms have been buying up independent funeral homes and private cemeteries, rapidly consolidating a fragmented market. The *Business Insider* reported that independent, mostly family-owned funeral homes have struggled with inflation and changing end of life preferences and "cash-fueled private equity interests are rolling them up into juggernauts."[70]

The funeral home sector has the kind of revenue model favored by private equity: high, opaque prices and steady demand that is immune from economic downturns. Families are vulnerable to price gouging and predatory practices because funeral homes often conceal prices, add on fees, or steer families to higher-cost services during times of extreme emotional stress for families. Many of these predatory practices violate federal rules designed to protect consumers, but families rarely comparison shop for funeral services.

Private equity firms consolidated the funeral home industry into large chains from smaller, stand-alone businesses.[71] Four-fifths of funeral homes are family-owned businesses while 20 percent are chains, including private equity-owned chains that owned about 1,000 funeral homes in 2022, or

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[61] Beltran 2024. .
[62] Olen 2024.
[63] Evans & Wiggins 2020.
[64] Ballu 2023.
[65] Vollers 2024.
[66] Dunne, James. "Corporations are buying local vet clinics—raising questions about price, choice and quality of care." *Canadian Broadcasting Corporation*. May 20, 2024.
[67] Ballu 2023.
[68] Vollers 2024.
[69] *Ibid.*
[70] Hall, Madison. "Rising costs, declining demand, massive consolidation and government scrutiny: The death industry is changing maybe for good." *Business Insider*. August 3, 2023.
[71] MacArthur et al. 2019.

more than one in twenty nationally.[72] In 2022, *KFF News* reported that the funeral home industry is "being gobbled up by private equity-backed firms attracted to high profit margins, predictable income, and the eventual deaths of tens of millions of baby boomers."[73]

Sterling Partners-owned Foundation Partners Group includes 135 cremation, funeral, and cemetery firms with 260 locations in 21 states.[74] Axar Capital bought the publicly traded StoneMor Inc. in 2022, when it had 302 cemeteries and 74 funeral homes in 23 states.[75] In 2023, StoneMor was renamed Everstory and it subsequently bought 84 additional properties from Park Lawn Corporation.[76] By the beginning of 2024, Everstory owned 376 cemeteries, 81 funeral homes, and 12 crematories.[77] Garnett Station bought the Heritage Funeral Homes in 2016 and used sale-leaseback financing to buy up 40 more funeral homes before selling the company in 2020.[78]

Private equity-owned funeral home platforms can raise prices when they have sufficient local market power according to the Funeral Consumers Alliance.[79] For example, after Foundation purchased a funeral home in Tucson in 2019, it raised prices for cremation by 79 percent, for a burial without viewing by 35 percent, and for a full economy-price funeral by 32 percent.[80] The *American Prospect* reported that the "reason that costs have gotten even more steep is because of the ongoing consolidation of funeral homes and cemeteries in recent years by corporate chains and private equity firms."[81]

IV. Private equity roll-ups that create conglomerates that entrench market power in adjacent and complementary markets

Private equity acquisitions often anticompetitively combine complementary products and services into an interconnected dominant firm. Private equity roll-ups can combine companies that may not directly horizontally compete with one another or provide upstream or downstream vertical products or services but can create conglomerates that nonetheless exert market power in adjacent or complementary markets. Private equity minority stake investments are often in sectors or business lines that are adjacent to companies in a private equity firm's portfolio.[82]

The combination of related or complementary products or services that are not direct rivals, suppliers or customers creates a conglomerate that can use its combined market size to undermine

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[72] Andress, Mark. Ion Analytics. "Deathcare M&A hits two-decade high." *MergerMarket*. July 25, 2023; Hawryluk, Markian (Hawryluk 2022). "Death is anything but a dying business as private equity cashes in." *KFF News*. September 22, 2022.
[73] Hawryluk 2022.
[74] Foundation Partners Group. Our Story. Our Brands. Accessed July 2024.
[75] StoneMor Inc. [Press release]. "StoneMor announces completion of merger with Axar affiliate." November 3, 2022.
[76] Ward, Jeff. "StoneMor, operator of cemeteries and funeral homes, changes names, rebrands." *WFMZ-TV* Allentown, Penna. April 13, 2023; Everstory Partners. [Press release]. "Everstory Partners, a leading deathcare company, to manage 84 additional cemeteries and funeral homes." October 17, 2023; Park Lawn Corporation. [Press release]. "Park Lawn announces agreement to divest certain legacy assets to continue its long-term growth strategy." October 17, 2023.
[77]; Everstory. Everstory Physical Properties. Accessed July 2024.
[78] "Sale-leaseback gives life to innovative investment in funeral homes." *Middle Market Growth*. December 15, 2021.
[79] Goldstein, Luke (Goldstein 2024). "Big Funeral exploits consumers under guise of inflation." *American Prospect*. January 24, 2024.
[80] MacArthur et al. 2019.
[81] Goldstein 2024.
[82] Pitchbook 2022 Annual at 16.

competition. The combination of adjacent products into an interrelated bundle can create an anticompetitive gravity that is greater than the sum of its parts. This conglomerate market power can be especially destabilizing to small business rivals. Private equity firms have been buying up enterprises that are predominantly independent enterprises, such as auto service and home repair firms. Larger private equity-owned platforms can exert market power through efficiencies of scale and scope as well as more marketing and cross-marketing resources that can disadvantage smaller, independent rivals. It is likely that these sprawling portfolios are raising consumer prices and suppressing wages, although there is little data to make that assessment.

The agglomeration of conglomerates through mergers and acquisitions creates related market effects. Extensive private equity activity in an industry generally results in the scale of businesses increasing as the number of firms declines and the size of the businesses increase. Even if the specific product-market stays ostensibly competitive between several rival companies, the continued acquisitions and combinations of firms in adjacent markets by private equity firms can begin to create substantial power imbalances between the private equity-owned conglomerate of adjacent portfolio companies and the related markets. This has close theoretical parallels to cluster markets in which a company creates a combination of noncompeting goods but generates market power from that combination and effectively forces potential rivals to compete with the full cluster of goods.[83] The 2023 merger guidelines identify cluster markets as non-substitutable goods that can be offered from the same firm or platform, such as hospitals offering a suite of discrete, non-fungible acute care services.[84]

Private equity roll-ups in automotive franchises disadvantage independent rivals: Private equity firms have targeted auto service establishments — auto body, auto service, and carwash — in a roll-up strategy to consolidate a highly fragmented industry. Private equity firms benefit from rolling up fragmented industries because the resale valuations of the combined platforms are far higher than the small chains and individual establishments would be on their own. In 2024, private equity firms owned $400 billion in auto repair companies.[85]

Roark Capital's Driven Brands built an automotive service conglomerate through a series of mergers. This roll-up was an intentional strategy designed to build market power and many of the purchases were single locations that would fall far below the HSR thresholds. Roark Capital bought the automotive franchise conglomerate Driven Brands in 2015 when it consisted of 1,500 locations.[86] It accumulated additional chains and individual facilities to grow the conglomerate and its reach into adjacent markets. In 2019, Driven Brands bought ABRY Auto Body Repair and the

[83] *See* Hovenkamp, Herbert J. "Digital Cluster Markets." *Columbia Business Law Review*. Forthcoming at 5
This process of aggregating noncompeting products or services leads to the creation of "cluster markets," which are markets that consist of noncompeting goods. It then becomes important to ask when it is sensible to locate power in the cluster itself rather than in the simple presence of any particular item."
[84] FTC & DOJ 2023 at 46 to 47.
[85] Roberts, David. "Billions and billions: Private equity investments in collision repair surge." *Body Shop Business*. May 20, 2024.
[86] Roark Capital and Driven Brands. [Press release]. "Roark Capital Group acquires Driven Brands." April 17, 2015.

Canada-based Clairus Group auto glass company.[87] Roark took Driven Brands public in an initial public offering in 2021 where Roark retained a 70 percent ownership stake.[88]

Today, Driven operates auto maintenance franchises (like auto service brands Meineke, Take 5 Oil Change, Merlins, and Econo Lube, 1-800-Radiator & A/C), auto body and collision repair chains (Maaco, Abry, Fix Auto, and CARSTAR), auto glass chains (VitroPlus, UniglassPlus, Go!Glass, and AutoGlassNow), car wash franchises (Take 5), and the Automotive Training Institute that can supply workers to its franchises.[89] Other private equity firms have bought up auto repair businesses as well. Greenbriar Equity owned Breeze Autocare (150-location repair and car wash chain) and SunAuto Tire & Service (350-location tire and service chain) before buying the 30-location collision repair Vive Auto in 2024.[90]

Private equity firms are also assembling car wash platforms and consolidating the industry, with more than 50 chains owned by private equity in 2021.[91] New Mountain Capital built car wash platform Summit Wash Holdings by adding Waters Wash and Squeeky's Car Wash to the Russell Speeder's Car Wash chain.[92] Roark's Driven Brands has been at the forefront of rolling-up car wash businesses. Driven Brands' president stated:

> There is so much fragmentation in the express tunnel car wash industry and we're excited to be on the forefront of consolidation. Each site we acquire will make us better, and we will make it better [by leveraging] our scale to bring cost synergies to the business along with our proven Driven playbook to grow it for years to come.[93]

Roark's car wash business line was accumulated through a series of small mergers — one car wash or a small chain of local car washes — as well as its 2020 purchase of International Car Wash Group (ICWG) that became the operator of the small acquisitions.[94] It bought a fleet of car wash locations in Georgia, North Carolina and Tennessee one at a time or a few businesses at a time.[95] It built a similar empire of car washes in Texas.[96] By 2021, Driven's ICWG controlled 300 car wash locations that consolidated individual locations and small, multi-location businesses.[97]

Although it now consists of some chains in the same product-market lines, many of these businesses are in adjacent markets. The roll-up strategy creates scale that makes the auto repair firms more able

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[87] Driven Brands. [Press release]. "Driven Brands announces acquisition of ABRA Auto Body Repair of America franchised locations." October 2, 2019; Driven Brands. [Press release]. "Driven Brands announces acquisition of the Clairus Group." November 18, 2019.
[88] Ewen, Beth. "Driven Brands IPO sets records." *Franchise Times*. January 15, 2021.
[89] Driven Brands. About. Accessed September 2023.
[90] Roberts, David. "Billions and billions: Private equity investments in collision repair surge." *Body Shop Business*. May 20, 2024; Greenbriar Equity. Portfolio (vehicle aftermarket support). Accessed July 2024.
[91] Terraosa, Tom. "Private equity seeks to shape car wash industry future." *The Deal*. February 5, 2021.
[92] New Mountain Capital. Summit Wash Holdings. Accessed July 2024.
[93] Solanot, Gonzalo (Solanot 2021). "USA: Driven Brands has acquired over 300 car washes." *PetrolPlaza*. November 4, 2021.
[94] Driven Brands. [Press release]. "Driven Brands ("Driven") announced its acquisition of International Car Wash Group ("ICWG") has been completed." August 5, 2020.
[95] "Driven Brands makes a slew of acquisitions." *Carwash News*. January 7, 2021.
[96] Driven Brands. [Press release]. "Driven Brands Car Wash North America Completes Acquisition of In & Out Car Wash in DFW metroplex." November 17, 2020.
[97] Solanot 2021.

to secure a role as a preferred provider for insurance companies that generates more business volume, revenues, and profits.[98] Auto service firms do not generally perform auto body repair or replace auto glass. Driven Brands can exercise coordinated market power through its family of related service businesses (its auto glass brands, for example), but it also can exercise market power through its control of conglomerate services. These adjacent business lines are not direct competitors but benefit from being part of a larger auto service conglomerate. Driven's size, scale, and reach enable it to share and cross-refer customers to related businesses and the range of its offerings means it is better positioned to offer bulk services to institutional customers.

Home repair roll-up threatens independent operators: The home service platform Neighborly is a conglomerate of adjacent and related home services franchises that offer a suite of services to homeowners, landlords, and property managers. Neighborly and its predecessor Dwyer Group have been private equity owned for over a decade. When Riverside Partners bought the Dwyer Group in 2014 it operated seven franchise chains (Aire Serve, Glass Doctor, Grounds Guys, Mr. Appliance, Mr. Electric, Mr. Rooter, Rainbow Restoration) with 1,600 locations.[99] Over the next four years, Riverside rolled up Bright & Beautiful, Five Star Painting, Molly Maid, Mr. Handyman, ProTect Paitners, Real Property Management, and Window Genie.[100] In 2018, Harvest Partners bought the 20-chain, 3,200 location conglomerate from Riverside and renamed it Neighborly.[101] Harvest Partners added Dryer Vent Wizard, Housemaster, Mosquito Joe, Precision Door Service, and Shelf Genie.[102] When KKR bought Neighborly it had 28 chains and 4,800 locations. KKR added Lawn Pride and Junk King, bringing the total number of chains to 30 and total number of locations to 5,000 by 2022.[103]

Neighborly leverages its portfolio of brands to undermine competition. In 2021, Neighborly also launched a smartphone app promoted with a $10,000 sweepstakes that allowed homeowners to "click to call" any of the franchises to pursue Neighborly's "organizational vision to Own the Home™."[104] Neighborly's president described this strategy to promote its "brands representing 19 skilled trade verticals" that mean "the Neighborly name is becoming synonymous with "home service" in its most general form" — essentially the definition of a cluster market.[105] Neighborly's

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98 Bovy et al. 2024.
99 Dwyer Group. [Press release]. "The Dwyer Group, Inc. acquired by the Riverside Company." August 18, 2014.
100 Service Brands International. [Press release]. "Ann-Arbor's Service Brands International acquired by Texas-based Dwyer Group." June 15, 2015; Copeland, Mike. "Dwyer buys 2 companies; New shops in McGregor; Group to buy Snacks N' Suds; Free hotel rooms; 4 days for Thanksgiving." *Waco Tribune-Herald*. November 19, 2016; "The Dwyer Group acquires Five Star Painting franchise." *Paint & Coatings Industry*. February 4, 2015; "Dwyer Group acquires Bright & Beautiful." *Business Franchise Magazine*. April 20, 2017; Dwyer Group. [Press release]. "Dwyer Group acquires Real Property Management." February 27, 2018.
101 Neighborly. [Press release]. "Neighborly acquired by Harvest Partners." June 4, 2018; Copeland, Mike. "New Dwyer name." *Waco Tribune-Herald*. September 22, 2018.
102 "Dwyer Group completes latest acquisition." *What Franchise*. August 14, 2018; Neighborly. [Press release]. "Neighborly acquires ShelfGenie." October 6, 2020; Neighborly. [Press release]. "Neighborly acquires Dryer Vent Wizard." February 25, 2020; Neighborly. [Press release]. "Neighborly acquires Housemaster." July 2, 2020. "Neighborly Acquires Precision Door Service Brand." *Franchising*. January 12, 2021.
103 KKR and Neighborly. [Press release]. "KKR to acquire leading home services platform Neighborly." July 8, 2021; Neighborly. [Press release]. "Neighborly kicks off 2022 reaching 5,000 franchise milestone." February 24, 2022; Ewen, Beth. "Neighborly reaches 30-brand milestone with purchase of Lawn Pride." September 8, 2022; Neighborly. [Press release]. "Neighborly acquires Junk King, the nation's top-rated junk removal and hauling company." November 2, 2022.
104 Neighborly. [Press release]. "Neighborly launches new mobile app, offers early users a chance to win $10,000." September 28, 2021.
105 Bidwell, Mike. Neighborly President and CEO. "Neighborly's Vision to Own the Home." Linkedin. March 29, 2021.

brands can and do cross market the affiliated services through the company's web platform that "makes a huge impact on generating new business and keeping existing customers coming back" and franchise "owners can rely on each other, while referring new customers […] within the realm of Neighborly brands."[106]

V. Private equity roll-ups create vertical tie ups that can substantially lessen competition

Mergers that allow a firm to control upstream suppliers, downstream buyers, or related services can foreclose rivals' access to markets, raise prices, extend market power into related markets, and substantially lessen competition. Private equity firms frequently have portfolios that include upstream and downstream segments as well as firms with the capacity and incentive to offer services to other portfolio companies on favorable terms or foreclose access in ways that disadvantage potential rivals, undermining competitive markets. Over the past decade, nearly one third (30 percent) of private equity deals were for business-to-business service firms that could potentially harm competition.[107]

Private equity firms can incentivize their portfolio companies to purchase services or products from other companies in their portfolio. This generates revenue streams for the private equity firm but the ownership and control of these vertical providers can also disadvantage rivals. Private equity firms that control nursing home operations can require the facilities to contract for services and purchase supplies from other companies affiliated with the private equity parent firm.[108] The Formation Capital-owned Consulate Health Care nursing home chain contracted with affiliates for management, rehabilitation, and other services.[109] This self-dealing can harm rivals. For example, a private equity-owned nursing home chain could receive discounted linen services from an affiliate that were not offered to rival nursing homes at the same prices or terms. It happens in retail as well. L. Catterton owns stakes in multiple restaurant chains, but it also has a stake in the restaurant industry accounting and back-office software company Restaurant365.[110]

More classical vertical arrangements upstream and downstream are also present in private equity portfolios. For example, Sycamore Partners owns a fleet of retail companies, including apparel stores Ann Taylor, Belk, Hot Topic, Lane Bryant, Loft, Talbots, The Limited, and Torrid as well as the textile and apparel supplier MGF Sourcing.[111] The vertical arrangement allows Sycamore's MGF to source a large portion of the apparel at some of its retailers,[112] and it also could allow it to preclude rivals' access to clothing supplies at comparable prices.

Private equity vertical linkages are especially common in the fossil fuel energy sector. The Carlyle Group has owned oil and gas drilling assets that have pumped 1.3 billion equivalent barrels of oil

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[106] *Ibid.*

[107] Pitchbook 2022 Annual. Share of U.S. PE deal value by sector and at 22 and 31.

[108] Mills, Ryan and Melanie Payne. (Mills & Payne). "Neglected: Florida's largest nursing home owner represents a trend toward corporate control." *Naples (FL) Daily News*. May 31, 2018; Rau, Jordan. "Care suffers as more nursing homes feed money into corporate webs." *New York Times*. January 2, 2018.

[109] Mills & Payne 2018.

[110] L. Catterton. Investments. Restaurant365. Accessed September 2023.

[111] Sycamore Partners. Investments. Accessed September 2023.

[112] Safdar, Khadeeja and Miriam Gottfried. "How one investor made a fortune picking over the retail apocalypse." *Wall Street Journal*. March 21, 2018.

from 2011 to 2021, midstream transportation assets like pipelines, and downstream assets like 19 oil and gas power plants and petrochemical refineries that have emitted an estimated 277 million metric tonnes of carbon dioxide equivalent.[113] First Reserve owns or backs oil and gas exploration and production companies (such as Ascent Resources and Lucero Energy), midstream assets (such as Blue Racer Midstream and Plains All American Pipeline), distribution companies (such as Palmdale Solutions and ReFuel), and oil and gas service companies (such as Intero Integrity Services and TNT Crane & Rigging).[114] Lime Rock Partners invests in oilfield service companies (such as OILSERVE, Shelf Drilling, and Silixia) and exploration and production assets and companies (such as Arena Gulf and Crownrock Minerals).[115] These private equity energy combinations allow its assets and portfolio companies to reinforce one another and disadvantage rivals by charging higher prices or foreclosing access to critical junctures in the oil and gas market.

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Americans for Financial Reform Education Fund appreciates the attention that the Federal Trade Commission and Department of Justice have focused on sequential acquisitions, serial mergers, and roll-ups in this request for information and a previous RFI on healthcare roll-ups. The private equity industry has been the predominant force in U.S. merger and acquisition activity and it has pioneered the roll-up strategy to amass anticompetitive market power in individual portfolio firms, portfolios, and platforms that have harmed consumers, workers, rivals, and communities. The lack of transparency by private equity firms presents a significant barrier to antitrust enforcement. Not only are many roll-up transactions effectively invisible to regulators because they fall below the reporting thresholds, but the lack of disclosure of firms' portfolio and platform holdings can conceal transactions that substantially lessen competition or tend to create monopolies.

[113] Giachino, Alyssa et al. AFREF, Global Energy Monitor, and Private Equity Stakeholder Project. "The Carlyle Group's Hidden Climate Impact." April 2023.
[114] First Reserve. Portfolio Investments. Accessed September 2023.
[115] Lime Rock Partners. Portfolio. Accessed September 2023.