UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

Office of Commissioner
Rohit Chopra

STATEMENT OF COMMISSIONER ROHIT CHOPRA

February 2, 2021

Today, the FTC is sanctioning Amazon.com (NASDAQ: AMZN) for expanding its business empire by cheating its workers. In 2015, Amazon launched Flex, a package delivery service that was widely seen as a challenge to FedEx and UPS.[1] To recruit drivers, the company promised to pay them a minimum of $18 to $25 an hour, plus tips.[2] But once the service was off the ground, in late 2016, Amazon changed course. The Commission's complaint charges that the company secretly began cutting its payments to drivers, and siphoning their tips to make up the difference.[3] In total, Amazon stole nearly one-third of drivers' tips to pad its own bottom line.

This theft did not go unnoticed by Amazon's drivers, many of whom expressed anger and confusion to the company. But, rather than coming clean, Amazon took elaborate steps to mislead its drivers and conceal its theft, sending them canned responses that repeated the company's lies. The complaint charges that Amazon executives chose not to alter the practice, instead viewing drivers' complaints as a "PR risk," which they sought to contain through deception.[4]

Amazon's scheme ended after it was exposed, but it likely produced significant benefits for the company. First, by promising a higher base pay initially, Amazon was likely able to recruit drivers more quickly, particularly as the company tried to stand up Amazon Flex in time for the holiday season.[5] Second, and most directly, Amazon's bait-and-switch allowed the company to pocket more than $60 million in workers' tips.[6] And finally, by allegedly misleading its workers about their earnings, the company made it less likely that drivers would seek better opportunities elsewhere, helping Amazon attract and retain workers in its quest to dominate.[7] el

By the time this scheme was exposed in late 2019, Amazon Flex was far more established. In fact, that same year, the company quietly disclosed that it was slashing drivers' minimum pay by more than 15 percent, relative to what it promised in 2015.[8] This conduct raises serious questions about how Amazon amassed and wielded its market power. Fortunately, today's action to redress the company's victims does not prevent the FTC or state attorneys general from assessing whether Amazon has engaged in a broader pattern of unfair practices in violation of the antitrust laws.

Today's order provides substantial redress to the families victimized by Amazon's anticompetitive deception. However, this cannot be the only action we take to protect workers and families from dominant middlemen. The FTC will also need to carefully examine whether tech platforms are engaging in anticompetitive conduct that hoodwinks workers and crushes law-abiding competitors.[9]

The Commission has historically taken a lax approach to worker abuse, entering no-consequences settlements even in naked wage-fixing matters that are criminal in nature.[10] Despite broad pronouncements about a commitment to policing markets for anticompetitive conduct that harms workers,[11] the FTC has done little. I hope that today's action turns the page on this era of inaction.

I also agree with Acting Chairwoman Slaughter and Commissioner Phillips that preying on workers justifies punitive measures far beyond the restitution provided here, and I believe the FTC should act now to deploy dormant authorities to trigger civil penalties and other relief in cases like this one.[12]

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[8] After Amazon's scheme was exposed, the company indicated that it would begin paying drivers a minimum of $15 per hour. Chaim Gartenberg,

Companies should succeed only when they compete, not when they cheat or abuse their power. While Amazon.com is one of the largest, most powerful, and most feared firms in the world, the company cannot be above the law. Regulators and enforcers in the United States and around the globe can no longer turn a blind eye.

Comm'n File No. P1444400 (Oct. 19, 2020) https://www.ftc.gov/public-statements/2020/10/statement-commissioner-rohit-chopra-regarding-report-congress-protecting. Such a rule would impose no burden on market participants, while ensuring real deterrence for practices that undercut workers and competitors.