

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: William E. Kovacic, Chairman
Pamela Jones Harbour
Jon Leibowitz
J. Thomas Rosch

In the Matter of)
)
REED ELSEVIER NV,)
a corporation,)
)
REED ELSEVIER PLC,)
a public limited company,)
)
REED ELSEVIER GROUP PLC,)
a public limited company,)
)
REED ELSEVIER INC.,)
a corporation,)
)
CHOICEPOINT INC.,)
a corporation,)
)
CHOICEPOINT SERVICES INC.,)
a corporation, and)
)
CHOICEPOINT GOVERNMENT SERVICES LLC,)
a limited liability company.)
)

Docket No. C-

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act, and its authority thereunder, the Federal Trade Commission (“Commission”), having reason to believe that Respondent Reed Elsevier Inc., a subsidiary of Respondent Reed Elsevier Group plc, which is owned by Respondent Reed Elsevier NV and Respondent Reed Elsevier PLC (collectively “Reed Elsevier”), corporations subject to the jurisdiction of the Commission, have agreed to acquire Respondent ChoicePoint Inc., Respondent ChoicePoint Services Inc., and Respondent ChoicePoint Government Services LLC (collectively “ChoicePoint”), corporations subject to the jurisdiction of the Commission, in violation of Section 7 of the Clayton Act, as amended, 15

U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. RESPONDENTS

1. Respondent Reed Elsevier NV is a corporation organized, existing, and doing business under and by virtue of the laws of The Netherlands, with its office and principal place of business located at Radarweg 29, 1043 NX Amsterdam, The Netherlands.
2. Respondent Reed Elsevier PLC is a public limited company, organized, existing, and doing business under and by virtue of the laws of the United Kingdom, with its office and principal place of business located at 1-3 The Strand, WC2N 5JR, London, England.
3. Respondent Reed Elsevier Group plc is a public limited company, organized, existing, and doing business under and by virtue of the laws of the United Kingdom, with its office and principal place of business located at 1-3 The Strand, WC2N 5JR, London, England.
4. Respondent Reed Elsevier Inc. is a corporation, organized, existing, and doing business under and by virtue of the laws of Massachusetts, with its office or principal place of business at 125 Park Avenue, Suite 2300, New York, New York 10017.
5. Respondent ChoicePoint Inc. is a corporation organized, existing and doing business under and by virtue of the laws of Georgia, with its office and principal place of business located at 1000 Alderman Drive, Alpharetta, Georgia 30005.
6. Respondent ChoicePoint Services Inc. is a corporation organized, existing and doing business under and by virtue of the laws of Georgia, with its office and principal place of business located at 1000 Alderman Drive, Alpharetta, Georgia 30005.
7. Respondent ChoicePoint Government Services LLC is a Georgia limited liability company with its office and principal place of business located at 1000 Alderman Drive, Alpharetta, Georgia 30005.
8. Respondents are, and at all times herein have been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. §12, and are corporations whose businesses are in or affect commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

III. THE PROPOSED ACQUISITION

9. Pursuant to an Agreement and Plan of Merger dated as of February 20, 2008 (the “Agreement”), Reed Elsevier proposes to acquire ChoicePoint for approximately \$4.1 billion (the “Acquisition”).

IV. THE RELEVANT MARKET

10. For the purposes of this Complaint, the relevant market in which to analyze the effects of the Acquisition is electronic public records services for law enforcement customers.
11. For the purposes of this complaint, the United States is the relevant geographic area in which to analyze the effects of the Acquisition in the relevant line of commerce.

V. THE STRUCTURE OF THE MARKET

12. LexisNexis, a wholly-owned subsidiary of Reed Elsevier, and ChoicePoint are, by a large margin, the two largest providers in the United States of electronic public records services for law enforcement customers. Consequently, the U.S. market for electronic public records services for law enforcement customers is highly concentrated as measured by the Herfindahl-Hirschman Index (“HHI”).
13. LexisNexis and ChoicePoint are actual and substantial competitors in the relevant market.

VI. ENTRY CONDITIONS

14. New entry into the relevant market would not be timely, likely, or sufficient to deter or counteract the anticompetitive effects of the Acquisition set forth in Paragraph 16 below. New entry into the relevant market is a difficult process because of, among other things, the time and cost associated with developing electronic public records services for law enforcement customers and the lengthy period necessary to attain customer acceptance within this customer segment. As a result, new entry into any of these markets sufficient to achieve a significant market impact within two years is unlikely.
15. Expansion by smaller competitors into the relevant market would not be timely, likely, or sufficient to deter or counteract the anticompetitive effects of the Acquisition set forth in Paragraph 16 below. As a result, new entry into any of these markets sufficient to achieve a significant market impact within two years is unlikely.

VII. EFFECTS OF THE ACQUISITION

16. The effects of the Acquisition, if consummated, may be to substantially lessen competition and to tend to create a monopoly in the relevant market 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, in the following ways, among others:
 - a. by eliminating actual, direct, and substantial competition between LexisNexis and ChoicePoint for the sale of electronic public records services for law enforcement customers in the United States;

- b. by increasing the likelihood that LexisNexis will exercise market power unilaterally in the U.S. market for electronic public records services for law enforcement customers;
- c. by reducing the merged entity's incentives to improve service or product quality or to pursue further innovation in the U.S. market for electronic public records services for law enforcement customers; and
- d. by increasing the likelihood that law enforcement customers would be forced to pay higher prices for electronic public records services.

VIII. VIOLATIONS CHARGED

- 17. The Acquisition described in Paragraph 9 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.
- 18. The Acquisition described in Paragraph 9, 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 _____, 2008, issues its Complaint against said Respondents.

By the Commission.

Donald S. Clark
Secretary

SEAL: