



The Daily Dish

The FTC and Acquihires (Yes, Acquihires)

DOUGLAS HOLTZ-EAKIN | MARCH 19, 2026

Fred Ashton has a new insight entitled: [“FTC Eyes Reverse Acquihires in AI Sector.”](#) Full confession: Eakinomics’ first thought was: “Why does Aquaman need a sidekick? He’s got Aqualad (aka Garth), Aquagirl, and his octopus Topo.” Oops! It is “acqui” and not “aqua.” It also has something to do with hiring, and why is that the Federal Trade Commission’s (FTC’s) business?

It turns out that acquihires are when a large tech company buys a startup to secure its talent. This suggested a second strategy, the reverse acquihire. That occurs when the large incumbent signs a long-term, non-exclusive agreement to license the technology of a startup. This is really just a lump of cash that the startup can use to pay off the initial investors while the talent agrees to quit *en masse* and go work for the large incumbent. It turns out that the search for talent in the artificial intelligence (AI) field is fierce enough that both strategies are red hot.

They have also attracted the attention of the FTC, which has expressed concern that they are used to hoard talent for the purpose of impeding competition. As Ashton notes: “Reverse acquihires are a particularly attractive option because Hart-Scott-Rodino Act (HSR) premerger notification requirements do not apply unless an acquiring firm purchases voting securities or assets.”

He also points out:

In an interview with Bloomberg, FTC Chair Andrew Ferguson stated that the agency intends to investigate acquihires and reverse acquihires. He expressed concern that tech companies may be structuring these deals to avoid HSR reporting requirements, which violates HSR rules. Yet the speed in which firms can integrate these new employees into their existing operations could yield tremendous benefits compared to

the slow process of traditional acquisitions.

Finally:

Similarly, FTC Commissioner Mark Meador commented that acquihires are leading to “individuals join[ing] some of the most powerful and dominant firms in the tech sector, allowing those firms to consolidate their power still further,” and that “firms may acquire talent not to utilize it productively but to preempt rivals from accessing it.’ In other words: buy and kill, but for ultra-skilled labor.”

Vivid imagery aside, are these real concerns? As Ashton discusses in greater detail, if the concern is simply HSR reporting requirements, the FTC could revisit the forms that firms must file. If there is a genuine concern over the impact on competition, it could undertake a study of the impact on the AI industry. Or, if the use of these strategies is simply an attempt to dodge the sharp rise in blocked mergers under the Biden Administration, the FTC could return to focusing on consumer welfare and not simply blocking anything that increased the size of a firm.

Regardless, acquihires and reverse acquihires are interesting new features of the competitive landscape.