
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

January 3, 2020
Date of Report (Date of earliest event reported)

Axon Enterprise, Inc.

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction of
incorporation)

001-16391
(Commission File Number)

86-0741227
(IRS Employer
Identification No.)

17800 N. 85th St.
Scottsdale, Arizona 85255
(Address of principal executive offices, including zip code)

(480) 991-0797
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.00001 Par Value	AAXN	The Nasdaq Global Select Market

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter). Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01. Regulation FD Disclosure

On January 3, 2020, Axon Enterprise, Inc. (the "Company" or "Axon") issued a press release announcing that it filed a lawsuit in Phoenix, US District Court, District of Arizona, against the US Federal Trade Commission (FTC). This press release is attached hereto as Exhibit 99.1. Additionally, the Company today made available on its website at www.investor.axon.com/ftc a list of frequently asked questions ("FAQs") regarding the lawsuit. A copy of the Company's FAQs is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information furnished pursuant to this Item 7.01, including Exhibits 99.1 and 99.2 furnished herewith, shall not be deemed "filed" for purposes of Section 18 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Exhibit Description
99.1	Press release issued January 3, 2020.
99.2	Company FAQs published on January 3, 2020.
101	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.
104	The cover page from this Current Report on Form 8-K, formatted as Inline XBRL.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: January 3, 2020

Axon Enterprise, Inc.

By: /s/ JAWAD A. AHSAN

Jawad A. Ahsan

Chief Financial Officer

Axon Sues FTC for Alleged Violation of US Constitution

Seeks Due Process and Equal Protection in Federal Court for Review of Viewu Acquisition

Scottsdale, Ariz., January 3, 2020 — Axon (Nasdaq: AAXN), the global leader in connected public safety technologies, today filed a lawsuit in Phoenix in the United States District Court for the District of Arizona against the US Federal Trade Commission (FTC). In its 29-page complaint, Axon asked the court to declare the FTC's structure and administrative procedures unconstitutional, and enjoin the Commission from subjecting Axon to its unfair internal forum and instead adjudicate the legality of the Viewu acquisition in a federal court.

At dispute is the FTC's use of an internal administrative proceeding that Axon alleges violates its Constitutional rights to Due Process and Equal Protection of law. In August 2018, Axon disclosed an FTC investigation into its acquisition of Viewu — a small, failing company acquired for only \$7 million in cash and stock plus up to \$6 million in potential earn-outs along with a holster supply agreement.

The complaint alleges that on December 23, 2019, the FTC issued an extraordinary ultimatum, demanding that Axon not only divest the assets acquired in the Viewu acquisition, but to also surrender its independently created intellectual property as part of a "blank check" to create a competing spin-off, or else face an unconstitutional proceeding in which the FTC serves the simultaneous roles of prosecutor, judge and jury. In other words, the FTC is seeking to deprive Axon of its intellectual property without Due Process, an unprecedented strong-arm position that should send a chilling message to the nation's technology-based industries.

"No one should ever face the prospect of a government that can demand to seize your most precious assets without the ability to defend yourself in a fair and impartial court of law," said Rick Smith, CEO and founder of Axon. "If the FTC believes it has a strong case against us, it should prove it in federal court before a neutral judge. Our action today seeks to ensure that will happen."

In addition to demonstrating the FTC's alleged violation of Articles II and III of the U.S. Constitution, Axon's complaint alleges that Viewu was a failing company (with a mountain of debt and only 3 days of cash) before its 2018 acquisition by Axon, and that the market for body cameras and digital evidence has remained competitive, with ten competitors winning at least 55 sizable agency deals since the acquisition.

"Our entire business serves the justice system. So, we understand the critical importance of the right to a fair and impartial trial before an unbiased court. We have unwavering resolve to seek justice," concluded Smith.

A copy of Axon's Complaint is available at www.Axon.com/ftc.

About Axon

Axon is a global network of devices, apps, training and people that helps public safety personnel become smarter and safer. With a mission of protecting life, our technologies give customers the confidence, focus and time they need to protect their communities. Our products impact every aspect of a public safety officer's day-to-day experience.

Facebook is a trademark of Facebook, Inc. and Twitter is a trademark of Twitter, Inc.

Axon and the Delta Logo are trademarks of Axon Enterprise, Inc., some of which are registered in the US and other countries. For more information, visit www.axon.com/legal. All rights reserved.

Follow Axon here:

- Axon on Twitter: https://twitter.com/axon_us
- Axon on Facebook: <https://www.facebook.com/Axon.ProtectLife/>

Note to Investors

Please visit <http://investor.axon.com>, <https://www.axon.com/press>, [www.twitter.com/axon_us](https://twitter.com/axon_us) and <https://www.facebook.com/Axon.ProtectLife/> where Axon discloses information about the company, its financial information and its business.

“No one should ever face the prospect of a government that can demand to seize your most precious assets without the ability to defend yourself in a fair and impartial court of law. If the FTC believes it has a strong case against us, it should prove it in federal court before a neutral judge. Our action today seeks to ensure that will happen.”
-- Rick Smith, CEO and founder of Axon

FAQs

Q. Why is Axon suing the FTC?

- Axon is seeking to protect its Constitutional rights to due process and equal protection under the law and vindicate its acquisition of Viewu, a small, failing body-worn camera company. Axon is also seeking to expose the unfair and unconstitutional procedures and structures employed by the FTC to extract unjustified remedies.
- Axon believes that the federal district court lawsuit is its most prudent course of action, taken on behalf of its customers, employees and shareholders.
- The full text of Axon’s complaint, filed in the District of Arizona on January 3, 2020, is linked above.

Q. When did Axon acquire Viewu and what was the purchase price?

- On May 3, 2018, Axon acquired the Viewu camera subsidiary from The Safariland Group in a \$7 million upfront cash and stock transaction.
- The purchase price of Viewu consisted of \$4.6 million in cash and \$2.4 million in common stock issued to Safariland at closing. Deal terms also included approximately \$6 million in additional common stock, contingent upon achieving certain milestones over two years, which have been partially met, and an ancillary minimum holster purchase commitment with Safariland.

Q. Did Axon view Viewu as a viable competitor when it acquired them?

- Axon’s acquisition of Viewu falls within the “failing firm” safe harbor. Viewu was unable to meet its financial obligations in the near term, and was effectively insolvent.
- At the time Axon acquired it, Viewu was losing nearly \$1 million *per month*, had more than \$19 million in debt owed to Safariland entities, another \$8 million in off-balance-sheet purchase commitments, and the cash equivalent of less than three days of operating expenses.
- Viewu had not won a new major city customer since 2016. Also, Viewu’s failure to invest in a dashboard camera solution put it at significant competitive disadvantage.
- Viewu was also struggling to compete because its technology suffered from security flaws and had not kept pace with cutting edge features its customers wanted and competitors offered.
- Viewu’s customers have benefited from Axon’s acquisition and subsequent investments that prevented service disruptions. Post-acquisition, Axon spent millions of dollars to address Viewu customer needs and to keep its service operational.

Q. Does Axon face competition in body cameras?

- The public safety video and digital evidence management space remains crowded and highly competitive. Axon competes with several large companies, including Motorola, which recently acquired WatchGuard for \$271 million, and has revenue more than 15 times that of Axon.
- Since May 2018, among law enforcement agencies with more than 100 officers, other competitors have won at least 55 competitive camera bids. The wide field of competitive providers include Motorola/WatchGuard, Panasonic, Coban, L3/Mobile Vision, BodyWorn by Utility, Getac, Intrensic/GoPro, Safety Vision and Visual Labs.

Q. What is Axon’s strategy for winning deals?

- Axon fights for and must earn every contract win. To do so we strive to stay on the forefront of the innovation curve and to deliver best-in-class solutions to customers. We have invested more than \$200 million in research and development in our Software and Sensors segment over 10 years, much of which was an investment in cloud software capabilities to make body camera programs accessible and feasible for large American cities.
-

Q: Will Axon continue to support Viewu customers?

- Axon has honored and will continue to honor Viewu contracts and support its customers' body-worn camera programs without disruption throughout these proceedings.

Q: What prompted Axon to file its lawsuit against the FTC?

- The FTC left Axon with no choice. Axon decided to file the lawsuit after it became clear that the FTC is seeking to deprive Axon of its intellectual property without due process, setting an unprecedented ultimatum that should send a chilling message to the nation's technology-based industries.
- On December 23, 2019, two days before Christmas, the FTC told Axon its only hope for avoiding litigation was to surrender a "blank check" divestiture. The FTC told Axon it would unilaterally dictate the terms of settlement from a "menu" of all Axon's customers and contracts (not just those won post-acquisition), Axon's intellectual property and technology, Axon employees, and any ancillary services and support functions the FTC deemed necessary. Remarkably, the FTC described its vision of "re-creating" Viewu into a virtual "clone" of Axon armed with Axon's own intellectual property – something that Viewu never was nor could be without impermissible government regulation of—and unwarranted interference in—a highly-competitive marketplace.
- The FTC is confident it can strong-arm Axon into settling because, unlike the Department of Justice, which must pursue its merger challenges in federal court, the FTC has the option of initiating proceedings within the agency itself. The FTC serves as prosecutor, judge, and jury in its own administrative process. Former FTC Commissioner Joshua Wright said in 2015 that over a 20 year period, "in 100 percent of cases where the administrative law judge ruled in favor of the FTC staff, the Commission affirmed liability; and in 100 percent of the cases in which the administrative law judge . . . found no liability, the Commission reversed. This is a strong sign of an unhealthy and biased institutional process."
- Axon outlines more details about the unfairness of the FTC process in the full text of its complaint.

Q: What happens next?

- Axon has asked the district court to enjoin the FTC from proceeding with its administrative enforcement action, seeking to have its Constitutional due process claim resolved first. A motion for preliminary injunction will be filed, briefed and decided by the court. Axon suspects the FTC will also file a motion to dismiss the district court case, seeking to proceed instead in its administrative home court where it serves a prosecutor, judge and jury. It will likely take several months to resolve these preliminary motions.
- If not enjoined by the US District Court, the FTC may proceed to file its administrative enforcement action against Axon. If the proceedings are allowed to proceed in parallel, we expect fact-finding, hearing, and decision to take about a year. Two levels of appeal thereafter could take an additional two to three years.

Q: Does this change Axon's long-term vision for the company?

- Axon remains committed to its long-term vision and outlook.
- As of Q3 2019, Viewu-originated software licenses represented less than 7% of our 428,600 booked seats and approximately 5% of Axon's annual recurring revenue of \$141.5 million.
- Beyond body cameras, our growth trajectory features expansion into records management systems and computer aided dispatch systems, as well as growing our in-car camera solutions, and international customer expansion. We are also expanding into law enforcement-adjacent markets, including selling to the US Federal Government, to prisons and corrections customers, and into the fire and EMS markets.
- We look forward to a bright future of cutting edge innovation on behalf of our customers in support of their mission to keep communities safe, and in support of Axon's mission to protect life.

Q: What was Axon's consideration for its shareholders in these developments?

- Axon is seeking relief and a fair hearing through the US court system, which Axon's executive management and Board of Directors believe is the most prudent action to take on behalf of shareholders. Axon will always defend its intellectual property.
- Axon intends to continue to execute on the vision that has been communicated with shareholders. For every Axon customer and most Axon employees, operations are business as usual.

Forward-looking statements

This statement includes forward-looking statements. Such statements include, without limitation, statements concerning projections, predictions, expectations, estimates or forecasts as to our business, financial and operational results and future economic performance; and statements of management's strategies, goals and objectives and other similar expressions. Such statements give our current expectations or forecasts of future events; they do not relate strictly to historical or current facts. Words such as "may," "will," "should," "could," "would," "predict," "potential," "continue," "expect," "anticipate," "future,"

“intend,” “plan,” “believe,” “estimate,” and similar expressions, as well as statements in future tense, identify forward-looking statements. However, not all forward-looking statements contain these identifying words.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and potentially inaccurate assumptions. You should bear this in mind as you consider forward-looking statements. Our Annual Report on Form 10-K lists various important factors that could cause actual results to differ materially from expected and historical results. These factors are intended as cautionary statements for investors within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act. Readers can find them under the heading “Risk Factors” in the Annual Report on Form 10-K for the year ended December 31, 2018, and in our Quarterly Reports on Form 10-Q filed in 2019, and investors should refer to them. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

Except as required by law, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Form 10-Q, 8-K and 10-K reports to the SEC.