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FTC and Glue Maker Reach \$1.2 Million Settlement Over Deceptive “Made in USA” Claims



Key Takeaways:

- The FTC's [Enforcement Policy on S. Origin Claims](#) and related compliance guide apply to advertising of "Made in USA" or similar U.S. origin claims, including manufacturer advertisements of private label products to trade customers who will later market and sell such products under retail brand names.
- The \$1.2 million settlement is the largest obtained by the FTC in a Made in USA case and reinforces prior signals that the agency will continue to seek monetary penalties when enforcing against allegedly deceptive Made in USA

The Federal Trade Commission (FTC) [announced](#) a settlement with glue maker Chemence, Inc. regarding allegedly deceptive Made in USA claims. The proposed settlement requires Chemence and its president to pay \$1.2 million, the largest FTC monetary judgment for Made in USA claims. In its [complaint](#), the FTC first alleged that Chemence packaged and labeled several of its glue products with deceptively unqualified "Made in USA" claims, including with images of the American flag, despite foreign materials accounting for more than 80% of the material costs and more than 50% of overall manufacturing costs for some mislabeled products. The FTC further alleged that Chemence represented in promotional materials that its private label products were all or virtually all made in the United States, which "provided the means and instrumentalities" for third-party sellers of such products to deceive consumers about the products' origins. Finally, the FTC alleged Chemence's marketing violated a 2016 [settlement](#) about identical unqualified Made in USA claims. The proposed [settlement order](#) (1) requires Chemence and its president to pay \$1.2 million; (2) bars them from making *unqualified* Made in USA claims unless they can show that both the final assembly and all or virtually all of the ingredients of its glues are made in the United States; (3) requires any *qualified* Made in USA claims to include a clear and conspicuous disclosure about the amount of foreign parts, ingredients, components, and processing; and (4) for any "assembled" claim, requires that the product be last substantially transformed in the United States, its principal assembly must take place in the United States, and U.S. assembly operations must be substantial. Finally, FTC Commissioner Rohit Chopra issued a [Concurring Statement](#) noting that in the past "FTC

Commissioners pursued a no-money, no-fault settlement strategy," but "over the last two years, the Commission has begun to turn the page on its checkered record, obtaining significant judgments for Made in USA fraud and initiating a rulemaking to trigger damages and penalties." Therefore, brands should expect the FTC to seek monetary damages when it brings enforcement actions moving forward.

Authors

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