



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Bureau of Consumer Protection
Division of Enforcement

Julia Solomon Ensor
Attorney

Email: jensor@ftc.gov
Direct Dial: (202) 326-2377

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FEDERAL EXPRESS

Mr. Randy Copeland
President and CEO
Velocity Holdings, LLC
835 Grove Rd.
Midlothian, VA 23114

Dear Mr. Copeland:

We received your submissions on behalf of Velocity Holdings, LLC, d/b/a Velocity Micro ("Velocity Micro"). During our review, we raised concerns that certain marketing materials may have overstated the extent to which Velocity Micro computers are made in the United States. Specifically, although Velocity Micro completes final assembly of its computers in its Richmond, VA facility, the computers incorporate significant imported content.

As we discussed, unqualified "Made in the USA" claims on marketing materials likely suggest to consumers that all products advertised in those materials are "all or virtually all" made in the United States. Furthermore, the FTC's Enforcement Policy Statement on "Made in USA" and Other U.S. Origin Claims explains that "'Assembled in USA' claims should be limited to those instances where the product has undergone its principal assembly in the United States and that assembly is substantial. In addition, a product should be last substantially transformed in the United States to properly use an 'Assembled in USA' claim."¹


Accordingly, to avoid deceiving consumers, you explained that Velocity Micro implemented a remedial action plan to clarify its representations. The plan included: (1) removing all "Made in the USA" messaging from the website; (2) introducing claims that truthfully convey information about Velocity Micro's U.S. operations without conveying that its products are of U.S. origin, including: "Owned and operated in the USA," "Each and every Velocity Micro PC ships from and is supported by our Richmond, VA headquarters," "Immaculate custom hand wiring by Senior Technicians, right here in Richmond, Virginia, USA," and "100% US-based;" (3) suspending Google advertising or editing it to state "Based and Supported in the USA;" (4) reviewing product packaging to confirm the accuracy of claims;

¹ *Federal Trade Commission, Issuance of Enforcement Policy Statement on "Made in USA" and Other U.S. Origin Claims*, 62 Fed. Reg. 63756, 63770 (December 2, 1997).

and (5) making all diligent efforts to identify and correct improper claims made by third-party marketers.

Based on your actions and other factors, the staff has decided not to pursue this investigation any further. This action should not be construed as a determination that there was no violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45. The Commission reserves the right to take such further action as the public interest may require. If you have any questions, you can reach me at (202) 326-2377.

Sincerely,



Julia Solomon Ensor
Staff Attorney