

## **Analysis of Proposed Consent Order to Aid Public Comment**

### ***In the Matter of Block Division, Inc., File No. 1723052***

The Federal Trade Commission (“FTC” or “Commission”) has accepted, subject to final approval, an agreement containing a consent order from Block Division, Inc. (“respondent”).

The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement or make final the agreement’s proposed order.

This matter involves respondent’s marketing, sale, and distribution of pulley blocks and other products with claims that the products are of U.S.-origin. According to the FTC’s complaint, respondent represented that its products are “Made in USA.” In fact, respondent’s products incorporate significant imported parts, including imported steel pulley plates that entered the United States from overseas already stamped “Made in USA.”

The complaint alleges that respondent’s claims that its products are “Made in USA” were false or misleading, or not substantiated at the time the representations were made. Accordingly, the complaint alleges that respondent engaged in deceptive acts or practices in violation of Section 5(a) of the FTC Act.

The proposed consent order contains provisions designed to prevent respondent from engaging in similar acts and practices in the future. Consistent with the FTC’s Enforcement Policy Statement on U.S. Origin Claims, Part I prohibits Block Division, Inc. from making U.S.-origin claims for its products unless either: (1) the final assembly or processing of the product occurs in the United States, all significant processing that goes into the product occurs in the United States, and all or virtually all ingredients or components of the product are made and sourced in the United States; or (2) a clear and conspicuous qualification appears immediately adjacent to the representation that accurately conveys the extent to which the product contains foreign parts, ingredients, and/or processing.

Part II prohibits respondent from making any “Made in USA” or other country-of-origin claim about a product or service unless the claim is true, not misleading, and respondent has a reasonable basis substantiating the representation.

Parts III through VI are reporting and compliance provisions. Part III requires respondent to acknowledge receipt of the order, to provide a copy of the order to certain current and future principals, officers, directors, and employees, and to obtain an acknowledgement from each such person that they have received a copy of the order. Part IV requires the filing of compliance reports within one year after the order becomes final and within 10 days of any change in respondent that would affect compliance with the order. Part V requires respondent to maintain certain records, including records necessary to demonstrate compliance with the order. Part VI requires respondent to submit additional compliance reports when requested by the Commission and to permit the Commission or its representatives to interview respondent’s personnel.

Finally, Part VII is a “sunset” provision, terminating the order after twenty (20) years, with certain exceptions.

The purpose of this analysis is to aid public comment on the proposed order. It is not intended to constitute an official interpretation of the proposed order or to modify its terms in any way.