



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

Bureau of Consumer Protection
Division of Enforcement

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October 1, 2020

VIA EMAIL

Mr. Grant Madsen
Chief Marketing Officer
American Crafts, L.C.
588 W. 400 S, Suite 300
Lindon, UT 84042

Dear Mr. Madsen:

We received your submissions on behalf of American Crafts, L.C. (“AC” or the “Company”). During our review, we discussed concerns that AC may have failed to update packaging for certain SKUs of a cardstock product sourced from overseas mills and cut, printed, and packaged in the United States.

Unqualified U.S.-origin claims – including claims that products are “Made,” “Built,” or “Manufactured” in the USA – likely suggest to consumers that the advertised products are “all or virtually all” made in the United States.¹ The Commission may analyze a number of different factors to determine whether a product is “all or virtually all” made in the United States, including the proportion of the product’s total manufacturing costs attributable to U.S. parts and processing, how far removed any foreign content is from the finished product, and the importance of the foreign content or processing to the overall function of the product.

Upon receiving our inquiry, AC conducted an audit of its products and found that a small subset of products, accounting for less than 3% of AC’s 2019 revenue, were labeled with outdated “Made in USA” claims. To avoid deceiving consumers, AC implemented a remedial action plan to update and correct these representations. This plan included: (1) updating product packaging, specification sheets, and inventory systems; (2) updating social media; (3) contacting distributors with instructions to update materials; (4) blocking new sales to noncompliant distributors; (5) updating third-party sales platforms, including Amazon.com; (6) training staff; and (7) introducing a regular country-of-origin auditing program administered by the Chief Marketing Officer.

¹ See Federal Trade Commission, *Issuance of Enforcement Policy Statement on “Made in USA” and Other U.S. Origin Claims*, 62 Fed. Reg. 63756, 63768 (Dec. 2, 1997) (“Policy Statement”).

As discussed, it is appropriate for AC to promote the fact that it employs U.S. workers, and highlight the fact that it sells more than 1,500 products it can substantiate are “all or virtually all” made in the United States. However, the Company should take care to review and update marketing materials regularly to ensure it can properly substantiate its claims, particularly as supply chain fluctuations occur. As you know, FTC staff members are available to work with companies to craft qualified claims that serve the dual purposes of conveying non-deceptive information to consumers and highlighting work done in the United States.

Based on AC’s 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, please feel free to call.

Sincerely,



Julia Solomon Ensor
Staff Attorney



Lashanda Freeman
Federal Trade Investigator